The Washington Monthly

JANUARY/FEBRUARY
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James Carville on Lee Atwater

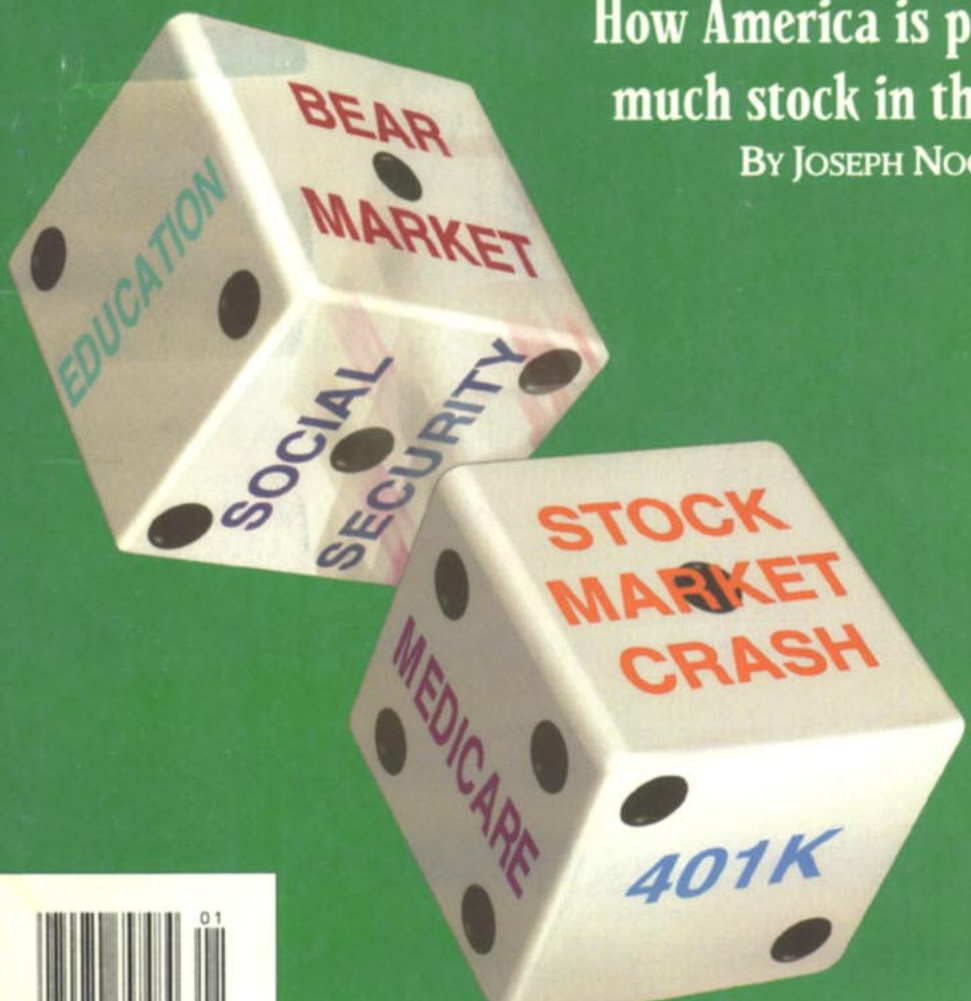
The Real Problem With Teachers' Unions

Reviews by John Heilemann and Walter Pincus

Betting On the Bull

How America is putting too much stock in the market

By Joseph Nocera



Plus: How the bond market has the White House in its grip

By Amy Waldman

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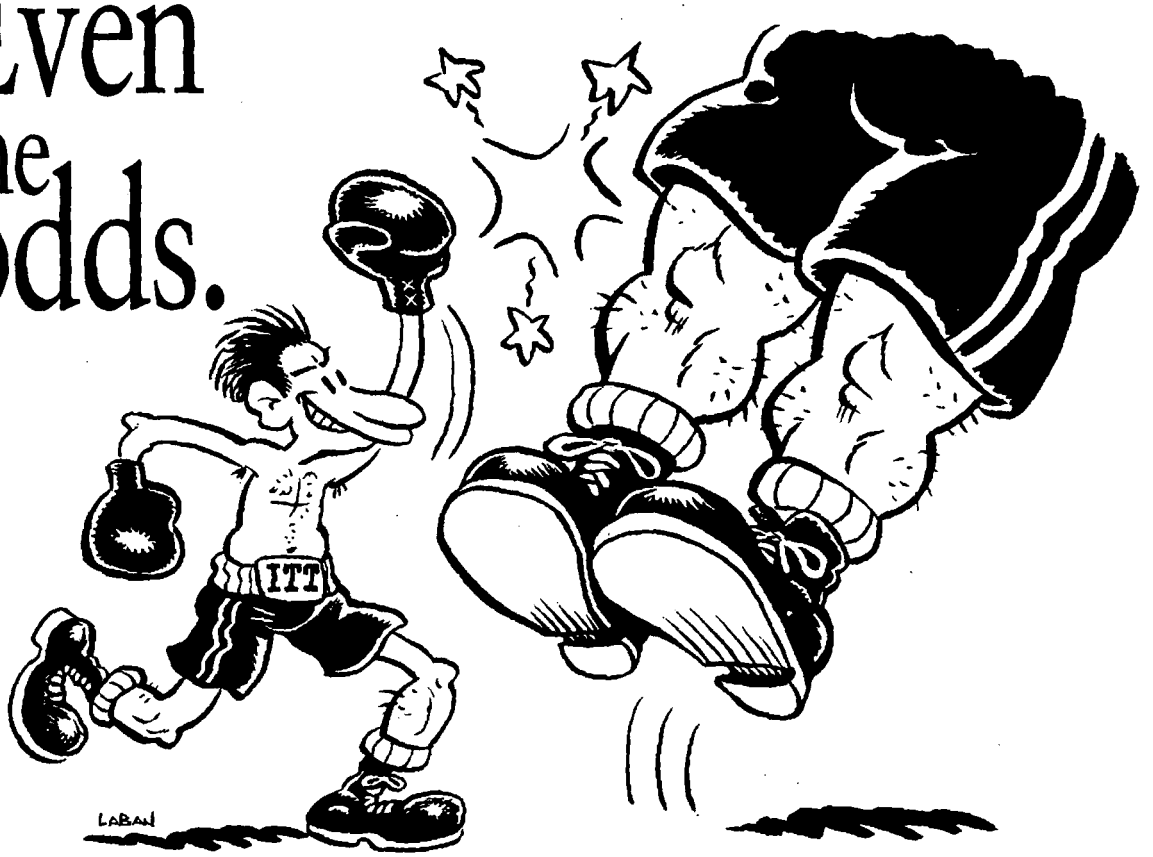

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Letters

Much Too Something

I very much appreciated Steven Waldman's "Search for the Three Little Pigs" (November). It's curious that Mr. Waldman posits the Disney version as moral compass. After all, in the end, everybody, improvident and evil alike, survives to sing and dance a jig or terrorize the weak on another day. Yes, Disney lets the big bad wolf get away. What is a child to glean from this message?

If Mr. Waldman thinks modern adapters ruin the classic fairy tales he remembers, wait until he sees the reading texts that will be foisted on his hapless child. With every special interest group in the country—from feminists to evangelical Christians to pigeon fanciers—exerting pressure to make sure textbooks don't step on their values, many stories children love are just too fraught with risk for most textbook editorial committees to countenance. To complicate matters, states like California have specific requirements for the tales students residing in their borders can read. Stories must depict senior citizens as vigorous, attractive, and agreeable; women in active, nontraditional roles; handicapped in favorable roles. There must be a balanced mix of racial and ethnic groups; no junk food allowed in a story. And so on.

In *Oranges*, when John McPhee describes his unsuccessful search for a Florida restaurant serving fresh orange juice, a waitress explains that people prefer frozen concentrate because it's predictable. "Fresh is either too sour or too watery or too something." More and more these days, people are worried that the stories children read might be "too something."

SUSAN OHANIAN
Charlotte, VT

G.I. Jerks

I am very much in sympathy with Amy Waldman's piece "G.I.s: Not Your Average Joes" (November) until I get to what may be the emotional heart of the matter: "People don't, in fact, see the connection between the presence of a strong military and their right to disparage it."

People don't see the connection because there is none. The pretense that our "strong military" has somehow preserved our freedoms might have some credibility if we were Luxembourg; but we are in fact the United States of America, and have been thoroughly insulated from the threat of subjugation by our geography and the historical accident that none of our neighbors has risen to superpower status.

Whatever it was doing in Vietnam, Lebanon, Grenada, Panama, and Iraq, the military was not protecting our freedoms. The unkind would say that they were functioning as hired thugs. A kinder, more educated interpretation would be that they were instruments of national policy—diplomacy by other means. But the pretense that they were protecting America and preserving liberty is a far more egregious lie than any perpetrated by the much-maligned liberals.

The energy behind this apotheosis of the military surely comes from World War II. It was a great war, and the Americans were wonderful in it. But it's long gone now. The military has its uses and merits, but let's cut the crap about the military preserving whatever it is that makes America great.

PETER D. JOHNSON JR.
Auburn, AL

During and after reading Amy Waldman's article, I was of two minds. "Gee," I thought, "someone's finally taken a good look at the military; this is really good." But also on my mind was the thought that Ms. Waldman still hadn't quite gotten it. By relying on Charles Moskos, she missed the forest for one of the trees.

Moskos has had a love affair with the Army for years, perhaps since he was a conscript back in the '50s. But his feelings for the Army make him see all the other services through green-colored glasses. The Army is most certainly *not* the Air Force, Navy, Coast Guard, or even Marine Corps. Unfortunately, Mr. Moskos has been so fixated on the Army for so long, he fails to see that each service has its own culture, its own problems, and its own ways of working out these problems.

The recent disclosures about sexual harassment and abuse in the Army are evidence that all is not as well as Mr. Moskos might have us believe. Then again, he seems to have been against full integration of women in the Army for at least a decade.

While race relations in the military are definitely better than they are in society at large, the situation vis-á-vis women is not so rosy. Only in the Coast Guard have women been *completely* integrated (ashore and aboard ships and boats)—and since 1978 at that.

ANDREW WEBB
San Diego, CA

Fare Thee Welfare

In "Reforming Welfare Reform" (November), Michelle Cottle asks, "Is this bill intended to help balance the budget or to develop a more effective welfare program?" Perhaps a brief review of history might help her answer her own question and also challenge her assumption that "entitlement programs act as a trap."

• Aid to single or widowed mothers was established because jobs were and always would be unavailable. Such mothers were expected to stay home and raise their children, sometimes considered a noble task by advocates of "family" values. Women were denied aid if they went to work, the original definition of "welfare cheating." The aid was never intended to be only for people "in-between jobs."

• The U.S. has had, for many years now, a bipartisan policy to maintain high unemployment in order to control inflation by discouraging workers from asking for higher pay. Policymakers know full well that jobs will not be available for all.

• The only interest shown by governors is to get people off the welfare rolls. They are not about to spend enough for caseworkers, support and regulation of child care facilities, and training programs. If they can get people into any job, they can erase them from the rolls and give up tracking

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them. Once these people are lost from view, there will no longer be a "problem" to solve.

FREDERICK C. THAYER
Pittsburgh, PA

The article "Reforming Welfare Reform" omitted consideration of a major obstacle to success: medical insurance. Medical care for one's children is understandably too important for the welfare recipient to abandon for a private-sector job without benefits. Some state proposals include full family medical benefits for two years after leaving welfare, but what happens when those benefits expire? Most businesses with jobs for people with limited skills are not providing full medical benefits at no cost to the employee.

Further, as an employer of unskilled workers, I find that there are many men and women not on welfare who are looking for full-time employment. Why should I give preference to someone coming off welfare?

JOHN R. MOOT
Cambridge, MA

Dixie's Dark Side

The review of *Dixie Rising* (November) was very interesting and I certainly will read the book. But I do not agree that manners are morals. As a person born in Virginia, I know that is wishful thinking. Southerners, more than any other group I know, can be very polite to your face and be anything but kind behind your back. While that demeanor may make things more pleasant on the surface, it does nothing to correct basic race and class problems. As far as I'm concerned, the South has a long way to go toward correcting its deep racial bias. So I'm not happy when I hear that the rest of the country is becoming more like the South!

NORMA L. BALLING
Rochester, MN

Iruined

Charles Peters's piece on the shameful history of the CIA ("Tilting at Windmills," November) appeared to suggest, perhaps inadvertently, that the consequences of the CIA coup in Iran were not as bad as those in Guatemala because in the latter a democratically elected government was overthrown. The 1953 CIA-sponsored coup did not simply install the Shah (who always wanted to be much more than a constitutional monarch), however, but also overthrew the popular liberal nationalist government of Dr. Mohammed Mossedeq. Mossedeq's government was replaced by a brutal military government headed by General Zahedi, a one-time collaborator with Nazi efforts in Iran. In 1955, the Shah dismissed Zahedi and, with CIA and Mossad assistance, created a modern security force that, in the absence of nationalist legitimacy, was absolutely essential to his survival as one of the United States' anti-communist allies in the Middle East. During the Shah's reign, thousands of Iranians were jailed, tortured, or executed for anti-regime activities. In fact, Iran, particularly in the 1970s, had one of the worst human rights records worldwide.

FARHAD HOMAYOUN
via e-mail

Floodplain Freeloaders?

John Solomon's article on the habit of wealthy residents in disaster-prone areas to rely on the government to protect them against property loss ("Flirting With Disaster," October) was informative and interesting. However, it was not very discriminating, painting the truly unfortunate with the same broad brush strokes as the greedy. Anyone who went to the Midwest during the floods of 1993, as I did, could have told Mr. Solomon that, for the most part, wealthy property owners along the Mississippi are on elevations well above the floodplain, with spectacular views of the river. Land at the lower elevations is generally cheap and uninsurable at any price. The poor live there because it's all they can afford. When it floods, they go back and rebuild because there's no place else to go. Grouping these people with the elite of Malibu and Miami is grossly misleading.

WILLIAM FENTON
Alexandria, VA

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Tilting at Windmills

BY CHARLES PETERS

Barry Brings Home the Duck • Come Back, Dolly • Primal Gere • Hooray for Cheap Chic

IF YOU WANT TO MURDER SOMEone, Los Angeles is the place to do the deed. The *Los Angeles Times* has studied how the local criminal justice system dealt with 9,442 homicides reported from 1990 through 1994. Only 47 percent of the cases resulted in arrests and indictments for murder or manslaughter. Just 16 percent resulted in murder convictions.

If you've heard Los Angeles prosecutor Gil Garcetti's boast that his office has a 93 percent conviction rate, you may wonder how the 16 percent could be accurate. The 93 percent is true, but only of the cases that actually go to trial. The reason the 16 percent is also true is that, in the other 84 percent of the cases, the killer is not found, the case is dismissed before trial for lack of evidence, or the charge is plea bargained to manslaughter or less.

The failure of witnesses to testify is a major cause of the low conviction rate. This is most common in gang slayings, which account for 40 percent of the county's homicides. "A district attorney's manual," reports the *Times*, "tells novice prosecutors to expect at least one witness to recant in every gang case."

Police ineptitude is another important factor. One case was dismissed because the cops had misplaced the key document. Three others were lost because it was discovered that the key witness the police had identified in each case was one woman who happened to be a prostitute, a crack cocaine addict, and a paid police informant. Her credibility was not enhanced when she revealed that an LAPD detective had told her he would help her if she would falsely testify that she had witnessed one of the slayings.

Conservatives who concentrate on bashing government instead of trying to improve it might ponder this bad police work. Don't they really want law enforcement that works?

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LAST MONTH I COMPLAINED ABOUT the increase in smoking and drinking by role models in the movies. A recent example is *Primal Fear*, in which the heroine, Laura Linney, smokes, and the hero, Richard Gere, drinks. Gere even drinks his whiskey straight, a throwback to the 1930s, when drinking straight whiskey was a sign of manhood. It also gets you drunk very fast, meaning you are more likely to do stupid things like cause auto accidents in which innocent people are hurt. And it does terrible things to the lining of your throat, esophagus, and stomach.

If this inflexibility is as typical of the Republican congressional majority as I fear it is, God help the poor.

• • • • • • • •

SHORTLY AFTER THE NOVEMBER election, I had a chance to discuss the results with a Democratic senator. He said that back in mid-October, he was confident his party would win a majority in the Senate. "What went wrong?" I asked. He said three things: John Huang, the Christian Coalition, and money, of which he quoted Trent Lott as saying the GOP had been able to pour "$30 million into close Senate races in the final two weeks of the campaign."

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THE OFFICE OF PERSONNEL MANagement publishes a guide to health plans available to federal employees and retirees. Those living in Florida are in for an interesting experience when they call the information number provided for that state. It is answered by a woman who, according to Mike Causey of *The Washington Post*, says: "Hi sexy. Thanks for calling the Pleasure Club Hot Line. Please have pen and paper ready to write down information on how you can connect to women and girls right now."

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IF YOU WANT A DOWNto-earth illustration of the plight of the working poor in this country, consider that there are 42,277 families in Nassau County, N.Y., making less than $20,000 a year. Yet Bruce Lambert of *The New York Times* reports that "a check of apartment listings in Nassau County shows that there are almost none for under $900 a month and very few under $1000 a month." Often, Lambert adds, landlords require initial payments of "$5,000 or more to cover the first month's rent, security deposit, and broker's fees."

Put yourself in the shoes of these families. Think of how you would manage your monthly budget paying that kind of rent.

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PLACES LIKE HONOLULU, SAN JUAN, and San Francisco have—as this magazine frequently notes—increasingly become the venues of choice for the meetings and continuing education seminars of our legal,

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medical, and other professional societies, making it possible to turn the experience into a vacation and, equally important, charge it as a business expense, with the happier tax consequences often provided by such accounting. The latest example to come to my attention is a continuing legal education seminar sponsored by Legal World Seminars entitled Legal/Medical Update: Changing Times-Changing Issues, featuring an eight-night cruise on the Rhine and Mosel Rivers and concluding with three nights at the deluxe Grand Hotel Victoria-Jungfrau in Interlaken, Switzerland.

The question about these seminars is always: Couldn't the participants learn more if the seminars were held back home in a business-like setting instead of among the distractions of beautiful scenery and the other diversions of tourism? That's why I must congratulate the District of Columbia bar for deciding to hold its 1997 convention right here in Washington. Not only that, but the continuing legal education course offering will be "The Twilight Zone: Ethics in a New Era," a subject not much favored on the junket circuit.

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AS A FORMER ENLISTED PERSON, I have always been suspicious of special benefits for the brass. A recent example, uncovered by military investigators and reported by Bradley Graham of *The Washington Post*, took place at the Navy's giant PX shopping mall in Norfolk, Virginia. "Personnel stationed near the entrance of the mall were required to announce flag officer arrivals over hand-held radios, using the code words 'sugar one, two, three, or four' to denote one-star to four-star arrivals."

The admirals and their spouses were then escorted to special bargains on such items as jewelry, crystal, alcoholic beverages, and Brooks Brothers suits. The brass not only got extra discounts but also merchandise that was not available to enlisted men.

This is actually a scandal on top of another scandal, which is the PXs themselves. Originally established to provide merchandise for military personnel and their families at remote outposts where there were no other stores, they once filled a real need. But they have no point at all in places like Norfolk.

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A FEW WEEKS AGO, I HAD A CHANCE to talk to a highly placed official at the Department of Justice. During the conversation, I asked him if the White House had made any effort to improve coordination between the FBI and the CIA, traditionally a vexing problem both in Washington and in the field operations of the two agencies. He said no. Later I had a chance to ask a White House official why this lack of interest. He said he suspected it had a lot to do with pending scandal investigations which made the White House less than eager to appear to be meddling with the FBI. He also said—and I'm afraid this accords with my experience with most administrations—that he thought the White House didn't want to even hear about problems in the rest of the government. This is the not-on-my-watch syndrome which rules presidents and other administrators, who may suspect there is a lot wrong down below, but, rather than look into the problems and try to do something about them, prefer to keep the lid on and their fingers crossed, and pray that things don't blow up while they're in office.

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IN THE FIGHT BETWEEN CSX AND Norfolk Southern over control of Conrail, the big thing the Surface Transportation Board should make sure of is that, whichever side wins, the loser should have open access to Conrail's tracks so that competition will be preserved and none of the parties will be seriously hurt.

When one railroad has complete control over the tracks that a shipper

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has to use, the result can be quite unfortunate for the shipper. For instance, Conrail owns the final 15 miles of tracks that the Pittsburgh Power & Light Co. uses for its coal shipments. The result is that, according to *The Washington Post*, "Conrail has charged a high rate designed to produce as much profit as it could have earned if it had moved the coal all the way on its own lines."

One other point about Conrail. It should remind us liberals that occasionally government subsidies to private business make sense. Conrail was in such bad shape when it began to rise from the wreckage of the old Penn Central that it could not have survived without help from the federal government. The Chrysler bailout is another example where the government helped a giant corporation stay in business and the resulting benefit for the economy was immense.

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ELSEWHERE IN THIS ISSUE, DANTE Chinni writes about how teachers' unions influence state legislatures with political contributions. A recent example comes from California, where the California Teachers Association gave assembly candidate Virginia Strom-Martin $106,000, thereby setting, according to the *Los Angeles Times*, "a record for a single donation by a Sacramento lobbying group in an open-seat primary."

••••••••

AS FOR CAMPAIGN REFORM, Walter Goodman of *The New York Times* has come up with a sublime elaboration of the old *Monthly* proposal to require all political commercials to be unmanufactured presentations of the candidate talking, with no film clips or other fancy stuff. Goodman suggests that if negative messages could only be delivered by the candidates themselves, there would be far fewer negative messages.

But then, having been so perceptive, Goodman falls into error, complaining that the campaign spots by the candidates themselves last fall were dull and unpersuasive. That's the point, Walter. If the candidates are the commercials, the commercials are likely to be dull, meaning far fewer commercials would be made, meaning candidates would be far less dependent on the John Huangs.

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ON THE FRONT PAGE OF ITS DECEMBER 1 edition, *The New York Times* exposes how the "Wealthy, Helped by Wall St., Find New Ways to Escape Tax on Profits." A week later on the front page of its December 8 Travel section, the *Times* advises these tax avoiders on ways to spend their profits with an article entitled, "Learning to love London Deluxe," describing in mouth-watering detail the Dorchester, the Ritz, and the Connaught, where rates range from $378 to $502 per room per night, breakfast for two from $62.50 to $70, and dinner for two from $141 to $176.

ROMAN GENN

It's hard to read about how wonderful these hotels are without acquiring a yen to stay in one. The catch is that this yen inevitably leads to another yen—for an income that will pay for it, which in turn leads people to the kind of tax dodges the *Times* deplores.

This is why I believe in cheap chic, a world in which the products and services we yearn for are affordable, where you don't let yourself be conned into being obsessed with $1,000 Nikes, as affluent Japanese are these days. I wish the *Times* would do travel articles, not about the Ritz of today, but about today's equivalent of the London of the 1950s, which was filled with bargains like $14 rooms at the Ritz or $90 suits on Saville Row. Opinion makers and attitude molders, whether on Madison Avenue or at *The New York Times*, can make us want $25 tennis shoes instead of $100 or $1,000 Nikes. When instead they encourage expensive chic, the worst result can be one kid killing another for his Nikes. A more common but still evil result is the poor fellow who kills himself or his soul working to get that house in the Hamptons.

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IF YOU'VE BEEN COUNTING on Congress to have an open mind about amending welfare reform, ponder this statement by the bill's author, Ronald Haskins: "The bill is not going to be fixed."

Haskins, the staff director of the House Ways and Means Committee's Human Resources sub-committee, who *The New York Times* says "largely wrote the welfare law," was speaking at a conference organized by the American Public Welfare Association, held in Phoenix in early December. In case there was any doubt in his listeners' minds, Haskins added: "It's the law of the land and will be the law of the land for at least the next four years. The chances of this bill being substantially altered are zero."

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If this inflexibility is as typical of the Republican congressional majority as I fear it is, God help the poor.

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WHILE THE DISTRICT OF COLUMBIA continued to crumble, our distinguished Mayor Marion Barry—who is just about as distinguished as Ronald Haskins is open-minded—decided that the thing to do was take a 10-day trip to Korea and China. The mayor said he had to make the journey because "the culture of these countries is that they want mayors and governors to come." I bet you weren't aware that the mayor is an anthropologist on the side.

What are the results of his trip? "I am confident that there will be more Korean tourists coming to America." As for the rest, "It's all very preliminary. There are some budding flowers, budding fruits that we hope to work hard on."

I can sense you are skeptical, so let me assure you that there appears to be a real possibility that a flower might actually bud. "The most promising prospect for a Chinese venture in Washington," writes *The Washington Post*'s Steven Mufson from Beijing, "is for an outlet of a state-owned chain of roast duck restaurants."

Just the boost the Washington economy has been looking for.

••••••••

AN EXAMPLE OF THE KIND OF information that we suspect Bill Clinton prefers not to hear comes from an employee survey conducted by the Navy's Bureau of Personnel. The bureau's 900 employees were asked for their opinions. And they gave them. Here is a sampling provided by Rowan Scarborough of *The Washington Times*:

"They only rate you on how much butt you kiss."

"I have never seen such flagrant disregard for responsible employee behavior. People come in late, then go to breakfast for an hour, talk for two hours, then go to lunch for two hours, then claim fatigue or whatever and leave early."

"This is the most disorganized, dysfunctional group I've ever seen."

"Morale sucks and there is no hope in sight."

I was fortunate enough to serve in a government agency that was mostly composed of dedicated and enthusiastic hard-chargers. But in some of the other agencies we dealt with, and too many that I've since become aware of, there were and are islands of misery like this Navy bureau. If Bill Clinton is serious about making government work, he'll tell Al Gore and his reinventors to identify these bureaucratic islands and reform, eliminate, or replace them.

Although much of government's disrepute is the product of propaganda from conservative ideologues, some of it is earned. And as long as that is true, the Rush Limbaughs will have just enough truth on their side to make their broadsides credible.

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THIS ISSUE WILL MARK THE last appearance of the Political Puzzle. John Barclay is retiring. But at last we can reveal his identity. He is John Barclay Jones Jr., who for many years was a partner at Covington & Burling and one of Washington's most prominent tax attorneys. He was a colleague of mine in the Kennedy administration, serving with great distinction at the Justice Department, which was then the kind of place where good people were proud to work—the kind of place I want all government to be. He is a man of many good deeds, most significantly where the *Monthly* is concerned, contributing largely pro bono legal services that helped us survive our early financial troubles and donating the puzzle that has challenged the wits of our readers for 27 of our 28 years.

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SOMETIMES EVEN THOUGH YOU ARE the head of an organization, you find yourself powerless. I have gone for years unable to talk any of our editors into doing some articles I'm excited

You can't run a government solely on a business basis . . . Government should be human. It should have a heart.
HERBERT H. LEHMAN

THE 7 MYTHS

- Government is Bad
- Punishment Deters Crime
- Foreign Aid is a Waste
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- We are Overtaxed as a Nation
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THE 7 MYTHS

Promoted by Conservatives

GREGORY N. AUSTIN

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about. The latest example is the need for matchmakers, which I regard as a critical social problem.

Did you know that, since 1940, the number of Americans living alone has increased from 2.7 million to 24.7 million? The urgent need for thousands of Dolly Levis could not be more clear. If you require any more evidence, consider the explosion of personal ads in magazines and newspapers in recent decades. An aching loneliness transparently underlies so much of their provocative prose.

I have an idea. It comes from my parents' generation: an institution called the boarding house. Typically, a widow with grown children would decide to rent her empty rooms. She would usually offer to serve breakfast and dinner. Often a few outsiders would be invited to fill out the table, which usually had about a dozen places. Most of the boarding houses were coed, but visiting the room of a member of the opposite sex was frowned on. This was a factor in the decline of the boarding house in the post-World War II era.

Reversing that policy could help revive the institution. I'm convinced most people hate to eat alone in restaurants. I know a lot of people, especially the young, have difficulty paying rent for an apartment. So room and board would be ideal for them, if the sexes are permitted freedom of interaction.

Other than that freedom, one more thing is needed to produce a revival of the boarding house. It's for today's lonely widows—and widowers—to wake up to the fact that running a boarding house would be a great way to get involved with life again.

Bringing the right people together can use every ounce of their creativity. And they are not going to be lonely again with all those people around. They may find they're complaining about having too much to do, but how lovely that will be for all those who have gone too long with only time on their hands.

Maybe you think I'm just the Bob Dole of the left, romanticizing days gone by. Maybe you have a better idea. What I most want to do is challenge bright people to think about this as a real problem—to understand that they don't have to play the cello at Lincoln Center or win a case before the Supreme Court or write a novel about the isolation of our time to make a contribution. They can instead help other people meet the right mate.

Over the years, as I've advised the brilliant young people who've gone through this magazine, the subject that often emerges as most important to them is making the right decisions about relationships. Yet they seem unwilling to recognize that their situations reflect a broader problem and reluctant to address it in their writing. Maybe they're embarassed by the subject. I hope they'll realize that wanting to help people find happiness is nothing to be embarassed about. ●

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THE GHOST OF TOM JOAD

While Washington tries to deny reality, Bruce Springsteen faces it

BY JOSHUA WOLF SHENK

WALKING PAST THE WHITE HOUSE on my way to a Bruce Springsteen performance a year ago, I passed a stream of tuxedoed congressmen headed for the Clintons' Christmas party. As I think back on it, I wish some of those tuxedoes would have followed me to Constitution Hall. We all had something to learn. Still do.

When Springsteen burst forth in 1971 with "Greetings from Asbury Park, New Jersey," his lyrics were exuberant, poetic, even mildly hallucinogenic. "Political" was not a word that came to mind. But over the next decade, Springsteen's stories grew considerably more complicated. His epic album "Born to Run" captured the fierce yearning of young lives trapped in dying towns. "Darkness on the Edge of Town" had an explosive anger. And in 1982, Springsteen produced a fierce, soulful work called "Nebraska." It is an album of distressing, piercing stories—of criminals and state troopers, of men with grease under their fingers that never washes out, of people living with darkness, disadvantage, and disappointment.

Suddenly, "political" no longer seemed such a strange fit. Springsteen's stories were of people that many Americans would rather simply ignore. With songs about Mexican immigrants and migrant workers and men riding the railroad tracks, "The Ghost of Tom Joad," Springsteen's latest album, has been called a western complement to "Nebraska." But the border he explores is not just a geographical one; it is also about the emotional and economic divisions that separate Americans from one another. Springsteen's concern is for the men stuck on the wrong side. In "Youngstown," a man eulogizes the steel yards of that Ohio town. "Seven hundred tons of metal a day, now sir you tell me the world's changed. Once I made you rich enough, rich enough to forget my name."

Though he is the exact opposite of an ideologue, the stories of Springsteen's music do coalesce into a vision. And, in a time for liberals of fracture and defeat, it may offer the simplest and best and most beautiful response to the armies of the right. Springsteen's music is about the struggle to engage—ourselves, our families, and the larger community with which we are inextricably bound. "Economic injustice," he said in a 1987 interview, "falls on everybody's head and steals everyone's freedom. Your wife can't walk down the street at night. People keep guns in their homes. They live with a greater sense of apprehension, anxiety, and fear than they would in a more just and open society."

And yet, Springsteen's liberalism is a confounding sort. For one, politics, expressed in any literal sense, almost always suffocates the art it is attached to. Artists can express their opinions. But if their work isn't larger than a "message," it's probably not art in the first place. More importantly, Springsteen's music is not oriented around the body politic, but around the human spirit. Introducing "Growin' Up," a song from his first album, Springsteen often tells the story of his misfit childhood: The nuns at his school hated him. His father would constantly scowl, "Put down that god damned guitar." But for a poor kid in a family that struggled financially and emotionally, the guitar was not just a hobby. It was, Springsteen said later, "my connection to the human race."

"Growin' Up" contains the crucial line, "I came out with my soul untouched." And it is from that soul—and with an extraordinarily prolific imagination—that Springsteen has spun so many stories.

JOSHUA WOLF SHENK *is an associate editor of* U.S. News & World Report *and a contributing editor of* The Washington Monthly.

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Springsteen's music is not about public policy; it is about sons and their fathers, men and women. Even in "Streets of Philadelphia" and "Dead Man Walking," AIDS and capital punishment aren't social problems. They are individual realities.

Still, there is a larger meaning to these stories. And though music may seem more indirect or less intellectual than poetry or fiction, Springsteen's reach is as broad—if not more so—as the likes of Charles Dickens and Pablo Neruda. In 1984, Ronald Reagan proclaimed that America's future "rests in the message of hope, in the songs of a man that so many young Americans admire. Bruce Springsteen." Springsteen was then on a tour that drew crowds as large as 200,000. It's no surprise that Reagan wanted a piece of him.

Bruce Springsteen and Clarence Clemons circa 1976

Of course, to anyone who had listened to "Born in the USA" with any care, Reagan's invocation was a grave, if hilarious, error. The album's patriotism is one of tragic irony, with a title track telling the story of a Vietnam veteran abandoned by his country, with "nowhere to run . . . nowhere to go." Unlike Reagan's stories of Cadillac welfare queens, evil empires, and demonic bureaucrats, Springsteen doesn't pigeonhole and scapegoat those who are different. He climbs into the minds of the down-and-out—not to simplify, but to complicate. Springsteen's characters are almost invariably torn between "straight time" and the lure of easy money, between the woman at home and the boys on the street. "Springsteen never resolves the conflict," a reviewer wrote in 1974, "(if he ever does, his music will probably become less interesting)."

He never has. But if this ambiguity is one explanation of his artistic genius, it is also one of the reasons Springsteen's work is socially valuable. Much is made now of Washington's bipartisan spirit, of the possibilities of a centrist Democrat working with chastened Republicans. But consensus has its flaws. These leaders see a world of breathtaking complexity and unanimously preach the same lessons: Welfare is the poor person's worst enemy. Gay marriage is a threat to the family. The root cause of crime is criminals.

These simplistic arguments thrive in an age of gated communities, shopping malls, and customized media—a world where, for the privileged, everything that is inconvenient or unsettling is simply shut out. Springsteen's music is many things to many people, but it surely serves as an antidote to this isolation. Throughout his work, and particularly in "Nebraska" and "The Ghost of Tom Joad," he acts as a straightforward storyteller. "My name is Joe Roberts," one song begins. "I work for the state. I'm a sergeant out of Perreneville, barracks number eight. I've always done an honest job, as honest as I could. I got a brother named Frankie, and Frankie ain't no good." When he sets stories to music, lives are created in the listeners' imagination.

"I don't believe you can tell people anything," Springsteen told David Corn in a *Mother Jones* interview. "You can show them things." And Springsteen wants nothing less than to show what's real, what's true. His is a biblical idealism: The truth shall set us free. "The Ghost of Tom Joad" is full of dark stories—people who suffer and die, who make bad choices. But in Springsteen's determination to tell these stories, there is hope—even optimism. In the title song, Springsteen solemnly intones that he is "waiting for the ghost of Tom Joad"—the redemptive Christ figure of Steinbeck's novel and John Ford's film. "Now Tom said, 'Mom wherever there's a cop beatin' a guy. Wherever a hungry newborn baby cries. Where there's a fight 'gainst the blood and hatred in the air. Look for me, Mom, I'll be there.'" Tom is not the man on the white horse who will save us all. He's a ghost. But the song offers the hope that his spirit can be claimed by all of us.

"Say what you will," William Carlos Williams wrote in the introduction to Allen Ginsberg's "Howl," "he proves to us, in spite of the most debasing experiences that life can offer a man, the spirit of love survives to ennoble our lives if we have the wit and the courage—and the art! to persist." Artists have always acted as social consciences. At a time when so many have given up on the tough tasks of building a shared community, Springsteen's music beckons us to see the world with clear eyes and listen with open hearts. And to persist. ●

Photo by Richard L. Shenk

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COVER STORY

Betting It All On the Market

Why America is wrong to wager its future on Wall Street

BY JOSEPH NOCERA

A FEW WEEKS AGO—the same week, as it happens, that the Dow Jones Industrial Average topped the 6,500 mark, after the biggest one-month climb in stock market history—*The New York Times* Sunday magazine put a picture of a mutual fund manager on its cover. His name is Michael P. DiCarlo; he is 40 years old, and since 1988 he has been running something called the John Hancock Special Equities Fund—one of the hotter "small cap" funds around, with an eye-popping annualized return of more than 25 percent over the past five years.

The story inside turned out to be a very long profile of DiCarlo, in which we learned, among other things, that despite the market's extraordinary—some might say, gravity-defying—run these past few years, DiCarlo remains extremely bullish: "The next five years will be the most significant time to really accumulate wealth this country has ever seen," he boldly proclaimed. We learned that he has a putting machine in his office; that at the age of 19 he bought a house with money he had made booking rock bands; and that he had survived a brain tumor when he was 20. In other words, we learned the sorts of things one reads in celebrity profiles. Which, when you think about it, is what the story was.

And of course we learned about his favorite market sectors (energy and technology), and his favorite stock, America Online—a stock that has been tanking for the better part of the last six months. It was, in fact, DiCarlo's travails with AOL that formed the narrative heart of the story: Would the stock rebound? Would it continue to sink? Would DiCarlo's table-pounding faith in it turn out to be his biggest triumph or his downfall? (What the story didn't mention was that giving DiCarlo so public a forum as the *Times* to talk up the virtues of AOL was bound to help the stock in the short term. But that's a story for another day.) All of this was told with the sort of dramatic flourishes normally reserved for crime stories. That the flourishes didn't really work—I can tell you from personal experience how hard it is to dramatize a guy sitting in a room watching stocks going up and down on a screen—was almost beside the point. A mutual fund manager betting it all on a volatile, risky stock is something most of us have come to understand and appreciate in our bones. It is, after all, our money he's risking.

Hardened market cynics will no doubt view the appearance of a mutual fund manager on the cover of the *Times* magazine as the surest sign yet that the end is near for this, the greatest bull market in U.S. history—a 14-year span that has seen the Dow rise nearly 6,000 points. And who knows? Maybe that's how it will turn out. Maybe someday we'll look back on the fall and winter of 1996 and wonder how we could possibly have missed all the signs that the bull was winding down. But then, that's the way it is with the stock market. Its every twist and turn is always obvious—in retrospect.

JOSEPH NOCERA *is a senior editor of* Fortune *and a contributing editor of* The Washington Monthly. *He is the correspondent for the upcoming "Frontline" documentary, "Betting on the Market," which will be aired on PBS on January 14.*

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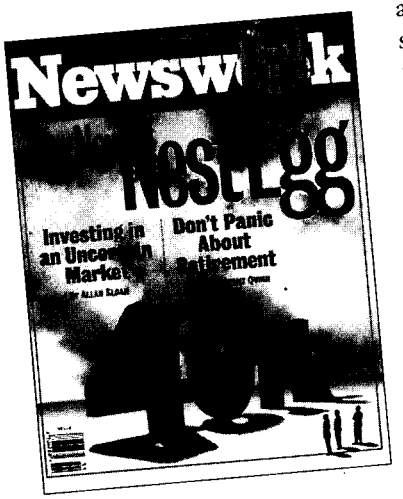
And a year or so ago—back when the Dow was a mere 5,000—that probably would have been my reaction too. But now the article provoked in me a different set of concerns. I found myself wondering not so much what the article signaled about the health (or lack thereof) of the current bull market, but rather what it said about us, and the financial culture (for lack of a better phrase) we've created and embraced. Indeed, what struck me most about the story was the way it unconsciously underlined the extent to which we've become obsessed with personal finance—with markets and mutual funds and every last tick of the Dow Jones average. The story simply presumed, for instance, that the readers of the *Times* magazine were inherently interested in the daily life of a fund manager, and it was full of terms of the trade that the author never bothered to translate—taking it for granted that her readers already knew what they meant, that they had become part of our common language. Most of all, there was an underlying, but unmistakable, assumption running through the story that all this stuff—the movement of the Dow, the doings of a mutual fund manager, this stuff we never used to think about, much less care about—now mattered to us deeply, because it affects the lives of a huge portion of the American middle class.



This assumption, of course, is correct. The statistics are absolutely clear: More than a third of American households now have money in the market—a stunning percentage that ranks right up there with the number of households that have personal computers. And it's serious money these households have put into the market, money people really can't afford to lose. That may be the most worrisome thing of all about the financial culture we've created: A large percentage of the American public is betting that their prospects for a better life will come not from their jobs or their talents, but from their willingness to ride a hot fund manager or a hot stock as far as it can carry them.

Riding the Bull

Let me take a moment here to stress what I am not arguing. I am not suggesting that average Americans are too dumb or too flighty to participate in the stock market, or that this is the sort of thing that is best left to the experts. Given the fact that 80 percent of the nation's mutual fund managers don't beat the basic market indexes, that would be a rather difficult thing to argue in any case. But the 1990s have also been a time when the small investor has tended to act more rationally and calmly than the big boys on Wall Street. Even now, with the Dow reaching such unprecedented heights with such unprecedented speed, the small investor has shown very little of the euphoria that usually characterizes a market mania. Yes, they are throwing money into mutual funds at a record pace, but they are doing so mainly because they feel they have no choice. And if you spend any time talking to these investors—which I've done a fair amount of lately—you come away realizing that they are more nervous than gleeful. To a surprising degree, it is Wall Street that's euphoric while Main Street remains cautious.

I am also not arguing that we should go back to the days when the middle class was supposed to keep its money in the bank while rich people played the markets. In the 1920s and 1930s, of course, the markets were unapologetically an insider's game, led by the likes of J.P. Morgan; small investors were not only scorned, but their business was actively discouraged. As recently as the 1970s, when inflation was raging, government policy—led by Paul Volcker, first as a Treasury bureaucrat and then as chairman of the Federal Reserve Board—was specifically geared toward keeping middle-class savings in the bank; even such mundane inflation-beaters as Treasury notes were out of the financial reach of most Americans. This policy eventually crumbled because people were absolutely unwilling to allow their money to be eroded by inflation when the rich had the means to keep pace with it. It seems unarguable to me that if we're going to have stock markets—or Treasury notes, for that matter—they ought to be available to everyone, not just the wealthy. One of the more underrated, but revolutionary, things that happened in the 1980s was that the rise of the mutual fund—which allows small investors to pool their capital while a professional money manager invests it—democratized the stock and bond markets.

What I do find worrisome are the less obvious, and more insidious, side effects of the bull market. First, there is the simple fact that we're no longer merely rooting for the bull market to continue; by now, we have come to count on it to provide some of the real basics of middle-class life in America—from the education of our kids to our retirement. When you think

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about the historic attitude Main Street has taken towards the stock market—that it was something to be feared, rather than embraced—this is an astonishing development. It is also a troubling one.

Second, there's the question of whether it is healthy for us to be spending so much of our energy thinking about our money, whether it diverts us from productive activities. When we get up in the morning and hear that the Japanese markets have been hit hard—a piece of once-arcane news that is now regularly featured on most morning news shows—that news can cast a pall, at least until we find out how our markets react to their markets. Many companies provide employees with software that allows them to check on a dozen or more different stocks as often as they want to during the day. Aside from pornography, stock-related chat rooms may well be the single most popular aspect of the Internet; there are people who spend literally hours each night discussing their favorite stocks over the Internet. And these are just the small diversions. An entire industry has grown up, seemingly overnight, consisting of magazines, TV shows, and newsletters, all purporting to give us investment advice. And then, of course, there is the biggest diversion of all: our own portfolio, over which we can (and often do) endlessly obsess.

But the most subtle, and in some ways the most insidious, question of all is whether the bull's great run has, in effect, become a kind of national tonic, allowing us to avoid tackling any number of pressing problems. To my mind, the best example of this is the recent proposal to reform Social Security by investing part of the Social Security trust fund in the stock market. That, of course, isn't really a reform at all, but simply a bet that the bull market will make up the inevitable Social Security shortfall. If only it were that simple! But that's where we are, 14 years after this bull began. A hundred years ago, newcomers to our shores put their faith and dreams in the idea of America; today, we've put our faith and dreams in the stock market.

Wall Street Rising

So where did this financial culture of ours come from—this world where the stock market is a national obsession, and fund managers are minor celebrities—and how did it insinuate itself into our lives? The surprising answer is that it is not purely a function of living through a decade-and-a-half bull market, though that's certainly helped. The 1950s saw its own torrid bull market (until just a few years ago, that was the greatest bull market of the century). Yet that earlier run-up never had the same galvanizing effect on the country; even as late as 1959, barely 10 percent of the country was invested in the stock market. Mostly, people greeted that bull market with a yawn—if they noticed it at all.

The comparison with the 1950s is instructive for another reason. One reason people tended to stay away from the market then was that they were of the generation that had grown up in the Depression, and that incredibly powerful memory helped keep them away. The Depression taught the lesson that financial risk was to be avoided at all cost; the stock market—even an up market—was thought to be nothing if not risky. But another reason was that people didn't *need* the market the way we feel we need it today. You could live a decent life—buy a house, raise a family, take a vacation, send your kids to college, and enjoy retirement—without having to make money in the market. In terms of personal finance, at least, it really was a simpler time: Inflation was negligible, raises were steady, and pensions were reliable. In general, most people kept their money in the bank where it earned an interest rate of, oh, 4 percent or so. But 4 percent was fine. People had no compelling reason to seek more than that, so they didn't.

Though nobody seemed to notice at the time, the seeds of the new financial culture were first sown during the inflation of the 1970s. This is when middle-class Americans began to think seriously about what they did with their money. Inflation forced them to do so. One important example: Interest on bank passbook accounts was stuck at 5 1/4 percent—by government fiat—while "real world" interest rates were approaching 20 percent; that meant people were actually losing money by keeping it in the bank. Gradually, as more and more Americans woke up to this fact, they began moving their money out of the banks and into money market funds, which offered those higher interest rates, and which were run by the brokerage houses and mutual fund companies. Between 1979 and 1982, when inflation finally subsided and the bull market began, money market funds went from holding less than $10 billion to over $250 billion. That was not the money of the wealthy, but the money of the middle class, and never again would it return to the bank.

But if inflation started this process—if it helped bring about this new mindset, in which it was vitally important to pay attention to what was happening to one's money—it had a lot of help along the way. In fact, it's almost as if everything that has happened subsequently has only conspired to further that process. Once inflation subsided, for instance, along came the beginning of this bull market, which offered people the alluring prospect of the double-digit returns they had become used to when interest rates had been so

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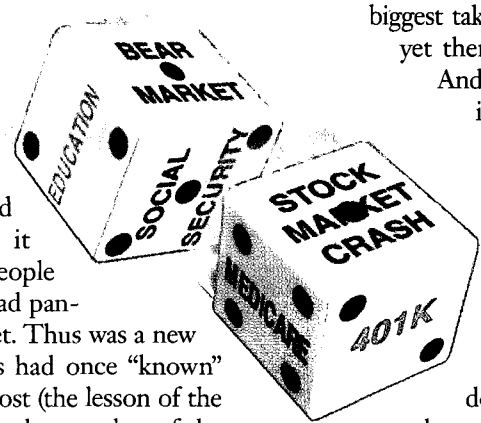
high. Mutual funds, such as Fidelity Magellan, posted fabulous numbers in the early 1980s, which drew press attention—and middle-class money. (Magellan's Peter Lynch became the first "celebrity" fund manager.) The era of the raiders and junk bonds and hostile takeovers stoked interest in the stock market—and in the idea that you could make fast money there. The price of a house—which had been going up for well over a decade, so much so that people had started assuming that it would go up forever—began to fall, which furthered the sense that nothing could be taken for granted anymore, not when it came to one's money.

Even the famous crash of 1987, when the stock market fell more than 500 points in one day, pushed things along. Rather than causing people to flee back to banks with their money, the crash, in the end, caused people to embrace the market with renewed fervor. Why? Because this crash, unlike the one of 1929, did not lead to a new Depression. On the contrary, within 15 months the market had earned back every penny—and it kept going up. Ultimately, the people who felt foolish were those who had panicked and gotten out of the market. Thus was a new lesson learned. Just as Americans had once "known" that risk was to be avoided at all cost (the lesson of the 1930s), just as they had once felt it almost a law of the universe that houses appreciated 15 percent a year (the lesson of the 1970s), so did they now "know" that when the market went down—even when it went down 500 points in a day—they should simply invest more heavily. The lesson of the 1987 crash was that the market will always bounce back. So far, at least, nothing has come along to dissuade people of that lesson.



But all the while, as the market was making its fabulous gains, year after year, there was another side to our personal finances that was less pleasant to contemplate. Think about what's been happening in the "real" economy during this same decade and a half. The raiders boosted stock prices, all right, but they also began the process of downsizing that continues to this day. Regular gains in productivity—which had been the engine driving the 1950s economy—came to a crashing halt in the 1970s. That meant that companies had to stop giving out automatic raises, which meant that people began to have a harder time making ends meet. Even after inflation was tamed, one big cost that never got back under control was college tuition. So whereas Americans could once live a pretty good life on one salary, by the 1980s that was much more difficult. One way people coped with this new situation was to send both spouses into the workplace. But another way was to begin investing more seriously—and looking to the market as a way to make up some of the difference.

There was one other change taking place, in some ways the most startling of all. Companies that had once paid for the retirement pensions of their employees began shifting the burden of paying for retirement onto their employees. This is the broad move to so-called 401(k) plans, wherein an employee gets to pick his or her own retirement investment vehicle (from an array of options offered by the company)—and then funds it with his or her own money. There are two things that I find especially striking about the move to 401(k) plans. The first is that this must surely rank as one of the biggest takeaways in American history—and yet there has been no outcry, no debate. And the reason for that, I'm convinced, is that we've been blinded by the bull market. So long as the market keeps rising 15 and 20 percent a year, we have been willing to acquiesce to this enormous change. If and when it stops rising at that rate—if and when it ever starts going down, heaven forbid, and takes our retirement nest egg down with it—well, by then it will be too late to complain.

The second striking thing is that in the mid-1990s, 401(k) money has become the single dominant factor driving the stock market right now. There is very little dispute about this. When you read in the paper each month that the nation's stock funds have received an influx of $15 or $20 billion, the vast bulk of that money is retirement money, coming into the funds via 401(k) plans. There is now $800 billion in 401(k) plans (and $3 trillion—that's right, *trillion*—in mutual funds altogether), and that sum grows with every passing day. Fidelity Magellan alone now gets around 70 percent of its new money from 401(k) plans. People are pouring money into the market like there was no tomorrow—but not because they're giddy or euphoric. It's because they feel they have no choice.

Bowing Down to the Dow

And so here we are living in a world where the stock market has become, if not central to our lives, then damn close to it. I was struck by how powerful a force it has become some months back when I met

J.T. Morrow

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a couple in upstate New York named Russ and Sharon Gornie. Russ owns a small carpet-laying business; his wife serves as the office manager, and because her three kids are still too young to go to school, she often takes them to work with her. Once there, her attention constantly shifts from the kids to the television, which is always tuned to CNBC—the NBC-owned cable station that, during the day, delivers nothing but financial news. "I could watch this all day long," said Sharon—and indeed she does.

Russ and Sharon are at the lower end of the middle class, clearly struggling to make ends meet. Yet they are ardent investors, on the prowl for the big score. For awhile, they owned Microsoft—one of the greatest growth stocks of all time, of course—but more recently, they sold their stake in Bill Gates' enterprise and invested in two small tech stocks, which are much, much riskier than Microsoft. Three or four times a day Sharon would call a phone number where she could get an update of the price of her two volatile stocks.

When Sharon was asked why this activity made more sense to her than, say, trying to build the carpet business, she was adamant. "We're working so hard," she said, "and we're just not getting there fast enough." The stock market, she was convinced, could get her "there." "Everybody's making so much money in the market," she said, almost wistfully. "Everybody's getting rich." Later she pulled out some architectural drawings of a big house—her dream house. "It's an incentive," she said. But, more than anything, it is an incentive to invest, since she's convinced she will never be able to afford the house from the proceeds of the business. When Russ was asked about investing, he smiled and shrugged. "It's scary, but what are you going to do?"

Meanwhile, Sharon's mother Dorothy, laid off from IBM several years ago, is also an avid investor. "I'm only a few years away from retirement," she said. The market, she is convinced, is her only hope of having anything to retire with.

I suppose if you're a market man, like Jack Kemp, say, such wondrous faith in the stock market is a heartening thing. But I find it depressing—and in no small part because Russ and Sharon's almost childlike belief in the stock market is so widespread these days. It's depressing more, though, because of what it suggests about the new American financial culture. Work is ever-so-slightly demeaning—especially blue-collar work—whereas the stock market is a much quicker, even surer, route to the good life. (Another woman told me, "It's cleaner, there are no other people involved, and it doesn't take nearly as much time as my real job.") I saw another example of the same thing earlier this year when I began tracking a stock called Iomega on the Internet; as the stock rocketed upward, its investors conveyed the clear sense that they were smarter than other people, that they somehow deserved their new wealth, that they'd never have to work again—and wasn't that just great! (Of course when the stock then came crashing back down to earth, they blamed not themselves, but evil Wall Street, which they believed had conspired to punish them for their success.) Meanwhile, those who don't invest fret that they are being played for suckers, or being left behind. The stock market has gone, in less than 20 years, from being a sideshow for most Americans to being the main event.

The stock market has gone, in less than 20 years, from being a sideshow for most Americans to being the main event

Think of all the different ways this plays out in society. We freely accept the once heretical notion, to cite one particularly telling example, that the shareholder is the most deserving participant in our capitalist economy—simply because he bought shares in a company. Thus we accept the absurd idea that CEOs must be given multi-million-dollar stock options in order to "incentive-ize" them (as if doing a good job isn't enough of an incentive)—and we applaud when they keep down labor costs, which boosts the stock price. Someone like the boorish "Chainsaw Al" Dunlap, newly installed as CEO of Sunbeam, becomes a folk hero because of the ruthlessness with which he turns around troubled companies; his latest, widely applauded move was to announce the firing of fully half the workers of Sunbeam. Naturally the stock price shot up. We find ourselves rooting for our portfolios rather than the greater good. Sometimes, people even cheer their own layoffs if it will be good for the stock price. I met such a woman recently, a former vice-

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president of Citibank who had been laid off, but had held on tenaciously to her Citicorp stock, convinced that it was going to go up. It did—from $12 a share to $89 a share, and she was ecstatic. Never mind that the company had taken away a job she had truly loved, and work that had been deeply meaningful to her. She had made money in the stock. What else mattered?

Even government economic policy is being crafted more and more with the stock and bond markets in mind. Who, after all, wants to be the president to get blamed for bringing to an end the greatest bull market in history? Even liberal Democrats morph into rock-ribbed Republicans when it comes to economic policies that will keep the bull market going. Capital gains tax? Getting rid of it will boost stock prices—so who needs it? The economy is getting "too good?" By all means, slow it down if it will keep the stock market chugging along.

Let me mention a couple of other ways our new obsession with the stock market is now warping the larger society. Yes, it's true that fully a third of us are now investors, but that still means that two-thirds of us are not. Just as the information age has helped further the division between haves and have nots, the stock market is doing the same. Those who can invest at least still have their hopes and dreams—and if they pick a poor investment, they tend to hitch up their belts and start again. (No one retreats back to the bank. In the modern age, the bank is for losers.) Those who can't invest are left out; this seemingly wonderful thing remains forever out of their reach—to their lingering resentment. And then there's the weird anomaly that we seem to be promoting a new kind of meritocracy based on (of all things) one's ability to pick stocks. Should anyone's chances at a decent life really depend on such a skill? To ask this question is to answer it, of course. But we've become so sucked into this new financial culture we don't even see that this is a question we should be asking.

Yet instead of pulling back from this financial culture, we rush headlong to put even more of a burden on the stock market. I am speaking here, of course, of the upcoming proposal from a blue-ribbon panel to invest a portion of the Social Security trust fund in the market. In this one proposal all our bull market delusions are laid bare: our belief that the bull will never end; our implicit hope that the market can allow us to avoid tackling the hard issues; and our almost comical embrace of the stock market as our friend.

Investing a portion of the Social Security trust fund is so fraught with peril that the fact that it is being seriously contemplated astonishes me. Suddenly, the entire government will be watching the Dow's every tick the same way we individuals do now. There would be nothing the government wouldn't do to keep the bull stoked—no matter what the outcome to the rest of the economy. For any politician hoping to be reelected, nothing would be more vital than sustaining the bull market. And when the market did take a tumble, the political consequences would be terrible—as would the financial consequences for retirees now clamoring for this change. Yet the country is so convinced that the market, over time, can only go up, that we simply can't contemplate any other outcome.

It is a dangerous game we're playing. The more we imbue magical powers to the market, the less we credit other aspects of a fulfilling life, such as work we love or creating something beyond the paper wealth of the stock market. And the more we ask of the market—the more we count on it to get us the retirement we want, to send our kids to college, and all the rest of it—the more we're asking for trouble in the long run. The stock market doesn't have broad enough shoulders to prop up all of America and carry it forward, and it was never meant to do so. The market was created as a means to provide capital for companies, in return for which investors could expect, if all went well, a decent return. It was never supposed to be, as financial historian Ron Chernow put it recently, "our national piggy bank and retirement account." If there are problems with Social Security; if the cost of college is getting absurdly high; if our longer life span is making the prospect of a well-funded retirement increasingly out of reach—these are all issues we should face squarely. The rising market has created the illusion that it can take care of these problems, and more. But it can't.

It won't last, you know, and that's the other, more basic, reason why we're on such dangerous turf. I'm not saying it can't run for another three or even 10 years—or that the Dow won't get to 8,000 or 10,000 or beyond before it comes back to earth. But this bull market will end, as every other bull market has eventually ended. Already, stocks are largely overvalued, and the market is being driven more by the sheer amount of money we're throwing into it than by fundamentals. And when it does end, we'll all learn a new economic lesson, as we turn our back on the market we now embrace. I can't say I'm looking forward to that day—where do you think my own retirement money is?—but I think it will be a healthy thing for all of us. We need to start thinking about how to fix the problems that the bull market can't. ●

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COVER STORY

Of Inhuman Bondage

The bond market has policymakers in its grip

BY AMY WALDMAN

STANLEY DRUCKENMILLER does not come across as a life-of-the-party kind of guy. He rarely gives interviews, but when he does the word "dour" is the inevitable modifier. One profile reported that he went to bed at 8:30 p.m. on weekends. But for Druckenmiller, a lack of color is no hindrance to being heard: When he talks—or bets—Congress listens.

The Manhattan-based protege of billionaire George Soros, Druckenmiller reportedly earned $700 million last year. He now manages Soros's money, as well as that of other gold-plated investors. Managing, for Druckenmiller, does not involve looking for good rates of return on bank deposits. It involves taking the millions of Soros or his clients, borrowing even more, and then making enormous bets on the direction of stock, bond, and currency markets worldwide. He is, in short, a speculator of leviathan proportions, part of a small elite of money managers with such large stakes in the markets that their decisions to buy or sell can move those markets.

Or move Congress. After the Republicans took Congress in 1994, Druckenmiller wagered that the GOP would curb spending and force a balanced budget deal. For Druckenmiller, a bet was not a ten-spot with some friends; it meant buying millions of dollars in Treasury bonds. As James Glassman subsequently reported in *The Washington Post*, Druckenmiller speculated that the market would react favorably to a balanced budget deal, because as the government needed to borrow less, bonds would become rarer and thus more valuable. If the market bid up bonds in anticipation of that happening, he would make a killing.

His perfectly spun plan snagged on Bill Clinton, however, who resisted the Republican cuts and started warning of the dangers of a default because of the GOP refusal to raise the debt ceiling. The Republicans seemed poised to let a balanced budget deal slip away. So Druckenmiller began telling his Republican friends in Congress—and as a man who had given $250,000 to the Republican National Committee in 1994 he had a lot of friends—that the financial markets would tolerate any means to the end of balancing the budget, including a default. The cost of a "train wreck," Druckenmiller insisted, would be minor compared to the benefits of balancing the budget.

In September of 1995, Senator Pete Domenici (R-NM), the chairman of the Senate Budget Committee, flew to New York for a dinner at Seagram House with a dozen contributors, mostly large fund managers. Druckenmiller was among them. He told Domenici that the market would trade around a default if there were a balanced budget agreement. Domenici carried that message back to Capitol Hill. Newt Gingrich began broadcasting the same message, telling a meeting of the Public Securities Association—the bond industry trade group—that a balanced budget would be worth the price of a default. Druckenmiller and another big investor also bought a full page ad in *The Washington Post* that said, "let's not allow fears of temporary 'market instability' to serve as an excuse for equivocating on spending cuts ... If the markets

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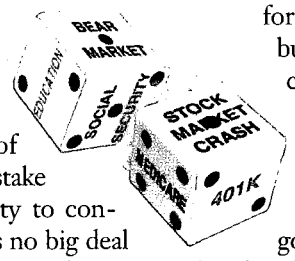
believe the chaos will finally lead to decisive action, they will rise. If the markets believe decisive action will not be forthcoming, they will decline." In November, Druckenmiller took the same message to an ad hoc Republican hearing, where he testified.

To Congress, Druckenmiller was not just another private citizen giving his opinion: He became "the voice of the market"—so much so that when Alice Rivlin, then the director of the Office of Management and Budget, warned Congress of the devastating effects a default could have on the bond market, Domenici, fresh off the New York shuttle, publicly disputed her, authoritatively citing his contacts on Wall Street.

It apparently didn't trouble Domenici or Gingrich that Druckenmiller was hardly an objective sage offering wisdom; he was an investor who had bet gargantuan sums that a balanced budget deal would be reached. Druckenmiller had a stake in getting his way, and he was willing to push the Republicans to the brink of default—or even over the edge—to do it.



Druckenmiller didn't win his bet, of course, and he ended up selling off his big stake without reaping big profits. But his ability to convince congressional naifs that a default was no big deal is alarming nonetheless. Druckenmiller may be an extreme—perhaps the most extreme—example of how one speculator can unhinge the market for bonds (or stocks, or currencies, or futures, or wherever he chooses to lay his bets) and thus make Washington pay attention. But he is also representative: If you're looking for a metaphor for the power of money in American politics, or an explication of how private interest influences public policy, look no further than the bond market.

Bond Boors

In theory, of course, bonds are perfectly innocuous, simply a mechanism by which governments and businesses raise money. In return for cash, they issue bonds and pay bondholders interest for the use of their money. Eventually, the bond reaches maturity, which means that the government or corporation in question must repay the loan. Pretty staid stuff—which is why, until the early 1970s, bonds were the Dullsville of the financial world: a no-risk, conservative investment for the country club set. Bonds were bought, and they were held.

Today, they are traded at a frenzied pace, and their value can fluctuate over the course of a day or even an hour. It's a betting market, in which speculators wager on the market's direction. Arbitrage—buying and selling bonds simultaneously on the same or different markets, and profiting off the margins of difference—is where the real money is. The result is a relentlessly volatile market. And an influential one: The U.S. securities market may, in fact, be the most influential market in the world.

Because the bond market represents what financial journalist Steven Beckner calls "the interaction of government and the marketplace," its reach extends to the corridors of power in Washington—not just the Federal Reserve, but the White House and Congress as well. The bond market determines the cost of capital, for the government and much of the rest of the economy. The Fed controls short-term interest rates, but the bond market sets long-term rates. And mortgage rates, corporate borrowing, and other long-term loans all correspond to bond yields (specifically that of the benchmark 30-year Treasury bond). Those sectors of the economy in turn reverberate: Mortgage rates, for example, affect homeowners and homebuyers, who in turn influence the health of the construction industry, and so on. And the stock market now regularly follows the bond market's direction. So the Fed and the Treasury know they need to keep the bond market happy. In this relationship between government and the marketplace, the marketplace has the upper hand; all too often, the bond market is the tail that wags the dog in Washington.

This power can be difficult to grasp: The bond market is complicated, and even its most dramatic rallies tend to spark prose from *The New York Times* along the lines of, "Traders were exceptionally busy at their computer terminals." Tracking campaign contributions seems an easier way to document and fathom the influence of money in politics. But the relationship between policymakers and the bond market is ultimately more potent than that between PACs and politicians.

So while the names John Huang and Mochtar Riady now trip mellifluously off our tongues, what should really concern anyone worried about the influence of foreign money on American policy is the fact, recently reported by *The Wall Street Journal*, that foreign governments have purchased at least three fourths of all the new securities issued by the U.S. government over the last year. That means foreign countries own a significant portion of our debt—and that gives them a great deal of leverage over our economy.

To understand how, take December 11, 1996. That day, the bond market took its biggest one-day loss in five months. As they so often do, stocks followed: By mid-day, the Dow was down 129 points (it recovered to close 70 points down). Why? Because that morning,

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The Wall Street Journal's "Heard on the Street" column had suggested that Japanese institutions might call a halt to their buying binge in the U.S. bond market. With fewer buyers, interest rates on bonds would rise, which would be bad for bond holders since the value of bonds drops as interest rates rise. The mere prospect of that happening—a prospect, mind you, supported by quite flimsy evidence—was enough to prompt a frenzied sell-off that sent the markets into a tailspin.

The Rumor Mill

The radical transformation of the bond market can be traced to three causes: inflation, deficit-spending, and technology. When inflation hit in the 1970s, bond holders learned the hard lesson that fixed-income investments meant little when the value of money wasn't fixed. They began demanding higher interest rates in anticipation of their bonds devaluing, and thus, interest rates began fluctuating with the value of money—or rather its anticipated value.

The 1980s brought profligate deficit-spending. And since a government that needs to borrow a lot also needs to issue a lot of bonds, the market was flooded. That meant that bonds were again devalued—the more bonds in circulation, the less they're worth. But the more bonds in the market, the larger the market becomes—and in the 1980s, it was becoming very large indeed.

The evolution of technology that made possible the almost instantaneous trading of large volumes also expanded the market. And the development of computer-driven complex mathematical models greased the way for arbitrage and speculation. All of this made bonds sexy—Tom Wolfe, Tom Hanks sexy—and more profitable. It made the bond market, with its daily fluctuations and massive buying and selling, more like the stock market. Over the last 15 years—and especially in the last five—commerce in Treasury securities has become the ultimate capitalist bazaar.

To grasp the change, consider the arc of William Gross's career. He got into bonds in 1971. His first job was as a "coupon clipper": His company bought bonds and kept them in a vault; he would go into the vault and clip interest coupons off the bonds so the coupons could be mailed into the Treasury.

He may as well have been in plastics for as much resemblance as that market bore to today's. Gross now heads Pacific Investment Management Company, which he founded, in Newport Beach, California. The financial press calls him a "bond guru," and it's easy to see why. His company manages close to $90 billion. Most of its clients, such as the pension fund of IBM, tend to be institutional investors, which means he spends his time trying get a safe rate of return in a volatile market. Gross alone trades $100 million a day. He has also become something once unthinkable for a bond manager: a pundit. He is regularly quoted by the press, and is a frequent guest on the financial TV talk shows whose explosion has paralleled the market's—the all-day CNBC, CNN's "Moneyline," and now CNN's new financial network.

The 1970s left deep scars on the market, a psychological disorder that can only be called inflationphobia.

Needless to say, Gross isn't clipping coupons anymore. In fact, he's not handling paper at all: In the netherworld of today's bond market, everything is done electronically. There is no central locus, a la the stock exchange; just thousands of brokers and dealers nationwide buying or selling from their offices or company floors. Po Bronson perfectly captures the surreal intangibility in his novel *Bombardiers*, when he has his protagonist, a bond salesman, suddenly realize that although he sells millions of dollars worth of bonds a day, he has never laid eyes on an actual bond.

Bond traders negotiate prices and interest rates based on expectations of what will happen in the economy. Brokers and analysts and research divisions and economists evaluate, instead of a corporation's product and prospects, economic conditions and indicators to set prices and give a "story" for why the person on the other end of the transaction should buy bonds. (Most traders subscribe to multiple analysis services, and "shop" for the story—the interpretation of the numbers—that supports the transaction they're trying to make.)

The market now runs 24 hours a day, seven days a week; Gross stops tracking it—reluctantly—only when he has to sleep. He is watching the skies—or actually the screens—to calibrate the strength or weakness of the economy, and most of all for signs of inflation.

The 1970s left deep scars on the market, a psychological disorder that can only be called inflationphobia.

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Whenever new data on payroll figures, or purchasing orders, or consumer spending is released, the market goes into paroxysms, as traders sell or buy madly in anticipation of an interest rate hike or cut. If traders anticipate higher inflation, they either demand higher interest when they buy bonds or they simply sell bonds. The result: Yields rise; bond values fall.

Bond traders abhor signs of economic growth or lower unemployment, which they believe portend inflation. "I'm hoping in a perverted type of way that the economy is weak. It implies inflation will be low down the road," Gross says, adding sweetly, "We are the ghouls of the financial world, because we thrive on bad news."

They don't just thrive on bad news—they help create it. In mid-1990, for example, sluggish growth was prompting worries about an impending recession (in fact, one was just getting underway, although that wasn't known at the time). Then, in August, Saddam Hussein invaded Kuwait, and oil prices temporarily spiked up. The inflationary threat wasn't real—it didn't take a PhD in geopolitics to realize that the Saudis, who desperately needed American help, had every reason to pump enough oil to keep our economy from being wrecked. But the bond market didn't care. It panicked, sending yields up above 9 percent. That only slowed the economy more—exacerbating the recession. An even more sluggish economy didn't bother the bond market nearly as much as it did the rest of us—especially those who lost jobs and income during the recession's protracted duration.

If fear of inflation drives the bond market, keeping the bond market happy drives Washington. So when the market tanked during that oil inflation scare in 1990, the Federal Reserve, which should have been lowering rates in August and September in order to short-circuit the recession, instead did nothing during that crucial period, thus giving the recession even more time to put down deep roots. The Fed acts similarly in healthier times: When the economy heats up, and a nervous bond markets pushes long term rates up in response, the Fed will move to keep inflation on a short leash by raising short-term rates. The dictate that growth must be contained well below 3 percent leaves us with less money to invest in research and development or Social Security or crumbling schools or deteriorating sewers. The corollary, that unemployment must be maintained above 5.6 percent lest fuller employment translate into wage inflation, now more often translates into stagnating wages, as well as a lot of people without work.

Over the past year or so, of course, the markets and Fed have grudgingly come to tolerate unemployment of about 5.4 percent, only because there hasn't been a corresponding rise in inflation. Which tells us something: That the fear of inflation unjustly protects Wall Street while punishing Main Street is a truism. But increasingly, it's also an absurdity—because more and more, the inflation paranoia seems wrong-headed. There's no sign of inflation on the horizon, and there hasn't been for the past five years. Over that period, inflation has averaged below 3 percent (and, if the Consumer Price Index is as off as Michael Boskin claims, it's been even lower). The great irony is that the only real inflation in the economy now is in the financial markets; bond prices, for example, have been increasing by 20 to 30 percent a year over the last few years, thanks largely to the fall in interest rates prompted by Clinton's deficit-cutting.

Economists are beginning to question whether the old paradigms of business cycles and NAIRU (nonaccelerating inflation rate of unemployment) still apply. Even William Gross says that we're actually experiencing *dis*inflation—that the globalization of labor and capital, and the productivity increases due to technology, now have more effect on inflation than the rate of growth or unemployment do. Not only that, he says, but this disinflationary trend is "a bond investor's best friend."

Try telling that to the market, which, as Gross concedes, continues to look through a "rear view mirror." Like the tides, the market rises and falls on each new trickle of data, but its analysis of that data is more junk science than exact.

"Good evening. An ugly day in the bond market," CNN's "Moneyline" began on June 7, 1996. "Inflation fears hammer[ed] bonds and sen[t] long-term interest rates sharply higher. The catalyst: a much stronger than expected report on jobs, the government reporting the economy added 348,000 new jobs in May, twice what most economists expected." On the floor of the Chicago Board of Trade, "Moneyline" reported, traders had re-priced Treasury securities to account for what they called a "now certain interest rate hike" by the Fed that summer. One bond futures trader said, "You can't ignore this data . . . it's above average . . . The Fed has to look at it. They can't ignore it."

But ignore it they did. The Federal Reserve didn't raise interest rates at its next meeting, or the one after that, because it recognized that there was no real threat of inflation. And it was probably basing that decision in part on data also released June 7—data showing that the unemployment rate had *risen* to 5.6 percent. But where the Fed weighed all the evidence, the bond market focused on the payroll figure, sending interest rates to a four-week high.

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As anyone who has ever read tea leaves knows, you tend to see what you're looking for. Bond traders do the same. Reflex drives many to assume inflation is on the way. And calculation drives others to perpetuate that belief: Some members of the market—including, probably, that Chicago futures trader—make heavily leveraged bets that there will be a sell-off, then try to stir up fears of an interest rate hike in order to capitalize on their prophecy.

"In a sense, imagined inflation is more firmly embedded in the economy than real inflation," *Institutional Investor* wrote last May. "Greenspan knows only too well that the longer it takes to cure this pessimistic psychology, the longer the economy will have to endure boom-bust cycles before true price stability and higher real growth can be achieved." Greenspan may not think that healthy consumer spending this Christmas is going to trigger inflation, but he has to speak and act in response to wild gyrations in a bond market that thinks it does. He has to keep the market's confidence.

In the face of imagined inflation, Greenspan is powerless—and so are rational souls like Gross. Gross says he will often respond to economic indicators based not on what he thinks the numbers say, but on what he thinks the rest of the market will think they say. "You don't want to stand in front of 100-mile-an-hour freight train"—a bond market selling madly because it thinks inflation is coming, he says. "You have to be cognizant of what the market thinks rather than what you think. It's best to step aside and let the market have its way." Until the market's mind is changed, in other words, the wild swings will continue, and policy will continue to be held hostage to phantom fears.

Deficit Vultures

The hostage takers, so to speak, call themselves "bond vigilantes," in reference to the discipline bond traders exert on economies: The globalization of capital markets means that if they are dissatisfied with a government's monetary or fiscal policies, if inflation is too high or the money supply too loose or the currency too low, they can simply sell—thus driving bond prices down—and take their money to another market—Germany, say, or Japan.

The fear of inflation can be called bond vigilantes' Carter doctrine—and the fear of government spending their Reagan doctrine. As they learned in the 1980s, more borrowing means more bonds, driving bond prices down. And a growing deficit holds the threat that the Fed could inflate the money supply to bring the deficit under control. So the bond market has made a balanced budget into Washington's Holy Grail. This shaped Bill Clinton's early decision to abandon an investment plan in favor of deficit reduction. And it continues to shape what happens—or doesn't—in Washington.

In 1994, for example, Bill Gross noted on "Moneyline" that Clinton had lost popularity with the bond market because "I think there's ... a fear that Clinton may have a little bit more of a New Democrat than a conservative Democrat image to him, and the programs of health care and crime-related bills have influenced, to some extent, these higher rates. We would prefer, as bond vigilantes, to have lower deficits and less spending on the part of the government." The words were a warning to Clinton: Embark on a major social policy initiative at your peril.

No one can deny that deficit reduction is important, or that these fiscal disciplinarians have helped bring spending under control, or that Clinton's success at cutting the deficit has been good for the economy. If we get entitlement reform, it may be largely because of pressure from the bond market. But if any effort that requires real spending—from investing in infrastructure to providing health care for the young—will be vetoed by the bond market, and thus by the Treasury and the President's economic advisors, the power of government to act as an agent of change will be severely constrained. Hoping that the government will put out some real money to help employ welfare mothers? You're probably hoping in vain—not only because conservatives are ideologically opposed, but because Bill Clinton understands the bond market's power all too well.

The bond market's evolution is a parable for how the financial interests of a relatively small group of people—large investors, traders, money managers—have come to bear disproportionate weight in our political process. These people are part of the "one percent"—the thin sliver at the top of our economic stratum where wealth, income, and financial assets have been concentrating since the 1980s. The bond market's influence shows how much political power is concentrating there too.

So while Stanley Druckenmiller lost his bet last year, he will be ready to wager again as Congress once more contemplates a balanced budget amendment. And, just to be sure he'll have the GOP majority's ear, he recently gave another $250,000 to the RNC. Of course, he doesn't really need to give: His ability to destabilize the market is enough to ensure that attention will be paid—by Robert Rubin and Bill Clinton as well as Newt Gingrich and Pete Domenici. That's the real money-in-politics scandal of our time. ●

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Teachers' Pets

Forget Capitol Hill—it's the state houses that are doing business with teachers' unions

By Dante Chinni

HALF-TRUTHS CAN BE DANGEROUS things, especially in the hands of a politician. Witness this little harangue on education reform near the end of Bob Dole's nomination acceptance speech in San Diego:

> "The teachers' unions nominated Bill Clinton in 1992; they are funding his reelection now; and they, his most reliable supporters, know he will maintain the status quo," Dole told conventioneers. "[W]hen I am president, I will disregard [their] political power, for the sake of the parents, the children, the schools, and the nation." The unions are killing the education patient and bankrupting the education business, he said.

It was a perfect political half-truth, a simple diagnosis of a real problem with a magic bullet answer: a president willing to stare down the unions. Even those who didn't agree with Dole's final solution—a school voucher system—heard something sensible in his words. Many agreed that teacher unions get in the way of reform and that Washington needs to do something to limit their power.

The problem is, Dole had it wrong and his half-truth draws attention away from the real issue.

It is true that teacher unions and their unwavering support of archaic tenure and certification systems all too often are roadblocks to reform. But any effort to ease the influence of the unions cannot begin in Washington. Despite their well-known national organizations, teacher unions are creatures of the states, governed by state laws that establish licensing procedures and guarantee tenure. Those laws, established long before our lawsuit-crazed era, were designed to protect teachers from political pressures and capricious firings. Today, however, they often serve as a shield for inferior teachers, and they stay on the books because of union money that goes not to the White House, but to the state houses. "Where the teacher unions are most powerful is the state level," says Jay Butler, spokesman for the National School Boards Association. "They want to be where the power is—where the real bread-and-butter issues are decided."

The numbers bear Butler out. According to the latest FEC figures, the American Federation of Teachers' PAC gave $1.29 million to federal campaigns between January 1995 and September 1996. That's not chump change. But the AFT's New York affiliate, the New York State United Teachers, spent nearly as much on its state races in just 10 months, $1.2 million from January to October 1996. And while the nationally focused AFT gave almost exclusively to Democrats, the NYSUT took a more bipartisan approach, giving 52 percent to Democrats and 34 percent to Republicans, with the remainder going to non-partisan groups.

Teacher union spending is not always so evenly split at the state level, but there are usually a number of key Republicans with their hands in the pot. In the states, the "laboratories of democracy," party affiliation and ideological differences are often less important than they are in Washington, and big money—the politician's best friend—is harder to find. Those state-level realities make it easier for unions to get control of state legislatures and kill efforts to reform teacher laws. Changing those laws, while not a panacea in the fight to make schools better, is surely a key element. To understand why, just sit down with a local school board member.

Dante Chinni *is a* Newsweek *reporter-researcher.*

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A Byzantine Process

Stephanie Lightfoot sits on the Hartford School Board and is the mother of two children who attend the city's public schools. She has been at the forefront of a series of efforts to reform Hartford's ailing schools, efforts that usually involve facing off against the city's teacher union. This fall, as students were preparing to return to school, Lightfoot and the school board struck out directly at the union. Citing poor evaluations, the board fired a high school Spanish teacher who had been with the district for 28 years. "We have to change this culture," Lightfoot says. "As a teacher you have to be accountable for the children in your classroom."

But it is not quite that easy. By announcing their intention to fire the teacher, the board has set in motion a Byzantine, protracted process that will most likely end up costing the district between $100,000 and $200,000. If the teacher fights his firing—and the union has vowed to fight to the bitter end—he will first go before a three-member panel mutually agreed upon by the union and the board. That panel will hear all the evidence and eventually make a non-binding ruling. But that ruling can then be appealed in Superior Court. Such battles can last for years, and while they rage, the districts must continue to pay the fired teacher at full salary ($59,000 in Hartford's case), pay attorneys' fees, and, of course, pay a replacement teacher to take over the classroom.

After all of that, what is the board's chance of prevailing? Not very good. Connecticut, like many states, has no legal definition of competent or efficient teaching. In Hartford, most teachers and administrators can't remember when a teacher was last fired. In another Connecticut district, when a teacher was actually found incompetent in 1995, he could not be let go because the district could only prove he was incompetent at teaching two of three subjects. In the end, he was shuffled off to another classroom.

The last serious effort to reform the public schools in Connecticut, including its teacher tenure and licensing system, came in 1993. A panel worked together on the plan for a year, but by the time the proposals came to the floor of the state assembly, the tenure provisions had been watered down. The measure didn't pass. Since then, even with a Republican governor and state senate, nothing significant has happened.

One woman who sat on the panel says she is not expecting that to change. "A lot was put into that report and the fact that nothing came out of it was really discouraging to us," she says. She has good reason to keep a damper on her hopes. In the last election cycle, the two largest unions, the state's AFT and National Education Association affiliates gave about $50,000 to state campaigns—mostly to Democrats. That may not sound like a lot, but in a small state with a part-time legislature, nobody wants money, or people, targeted against them. "Legislators with a lot of teachers in their district don't want them mobilized against them," she says. "[The unions] are a very effective adversary."

In the states with big money campaigns, the problems multiply.

Following the Money

In 1994, the New York State School Boards Association released "A Blueprint for the Professionalization of Teaching." The report showed that under New York's teacher tenure system, which operates much like Connecticut's, it takes an average of 455 days and $177,000 to fire a teacher—and that's if the first ruling is not appealed. With an appeal the cost shoots up to $317,000. To help with the problem, the association recommended replacing permanent teacher tenure with renewable contracts that would be based on performance reviews. When the association polled voters last year asking if they would favor such a plan, more than 75 percent said yes.

All of which makes the case of Assemblyman Craig Doran even more peculiar. Doran, a Republican from New York's Finger Lakes region, is sponsor of a bill that would replace lifetime teacher tenure with renewable five-year contracts. Considering the public support, you'd think legislators would be lined up from Albany to Manhattan to sign on to that bill, right? Wrong. The bill has two other co-sponsors in the Democratic-controlled assembly, none in the Republican-controlled senate, and (surprise) it has gone nowhere.

"The union pressure has a great deal to do with keeping this bill buried," Doran says. On several occasions, Doran says he has walked the halls of the state capitol building looking for supporters and been told flat out by other legislators that they cannot support the measure because they need the political and financial backing of the unions. Given a chance to stick the blame on Democrats in our interview, Doran declined. "There is a lot of money out there and it's going to everyone."

Exactly, says Linda Rosenblatt of the New York State United Teachers (NYSUT). "We are very bipartisan. We have always had an excellent working relationship with [state Senate Majority Leader Joseph] Bruno. He talks to members of his party and we have

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The
Washington Monthly
Journalism Award

OCTOBER 1996

REYNOLDS HOLDING
Accusations of Prison Coverup
San Francisco Chronicle

It's a tale that has everything: death, violence, government cover-ups, a high-speed car chase, early morning visits from the FBI. No, it's not an episode of "The X-Files"; it's an account of the how the California Department of Corrections came under investigation for allegedly attempting to block a federal investigation into criminal wrongdoing at Corcoran State Prison.

Holding's report reveals how prison guards at Corcoran, one of the nation's most violent facilities, were orchestrating fights among inmates from rival gangs, then shooting prisoners who failed to stop fighting—often with fatal results. More significant, however, is how the agency first ignored reports of the abuse, then tried to prevent a corrections officer from turning over the information to the FBI. A possible reason for the agency's reluctance to investigate: The corrections department frequently cites inmate violence at facilities such as Corcoran as a justification for increased funding.

ALISON YOUNG & WENDY WENDLAND
Who Cares? (Five-part series)
Detroit Free Press

With the graying of America, the nation's elder care system is bracing for a massive influx of seniors. This five-part series by the Detroit Free Press *examines the current state of Michigan's nursing home system, what is being done to improve the quality of care, and some of the major barriers to that improvement. Among other problems, reporter Alison Young finds that state and federal regulators often behave more like industry lapdogs than watchdogs, having repeatedly "watered down rules, declared moratoriums on fines, changed definitions and retrained inspectors in response to industry criticism."*

a good relationship."

If money has anything to do with friendship, then the union has a good relationship with a lot of people. On January 24, NYSUT gave $27,990 to Democratic committees and $15,200 to GOP committees. On March 12, it gave $11,000 to the Democratic Senate Campaign Committee and $25,000 to the New York State Senate Republican Campaign Committee. On March 15, NYSUT even gave Doran $150. (The contribution was news to Doran, who between laughs said he can only figure the money was for a ticket to a March fundraiser. "I have no idea why they would do that," he says.)

Rosenblatt says the union's money is not just to fight changes in tenure laws but also for other issues teachers care about, like getting more dollars for education, keeping class sizes small, and keeping schools safe for kids. She admits that the union has done what it can to choke off tenure reform, "Remember you are dealing with a profession with tremendous political pressures. There have to be some protections." If a good teacher is pressured not to teach *Huckleberry Finn* or forced to teach creationism, it's good to know tenure is there to support them, she says. Rosenblatt has a point. Any serious reform must make clear that ineptitude is cause for firing, but a difference of opinion is not. That way, if a zealous school board tries to fire a teacher because he wants to teach Mark Twain or Charles Darwin, the teacher can file suit. After all, the overwhelming majority of teachers out there are good at what they do and can easily defend themselves in such cases. And surely all that union money could help the few good apples that get unjustly dismissed.

New York's legislative session is over. Doran has been talking to the union and is planning to introduce his bill again next session with some revisions, including one that would make it illegal for a district to fire an older teacher simply because his or her salary is too high. He is hopeful the bill will move this time.

Small Steps

Sean Duffy is hopeful too. As press secretary for Pennsylvania's Department of Education, he has seen some incremental changes in teacher laws despite the efforts of teacher unions. Last year, Pennsylvania took a small step forward by passing a bill that lengthened from two years to three the time required to obtain tenure. Duffy is not ready to claim victory yet—not even close—but he says the change is a positive step against a force with a lot of money and a lot of friends on both sides of the aisle. "This is not a Democrat or Republican issue. It's about who wants

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to change the way these things operate and who doesn't," he says. "The state's NEA affiliate is the biggest or second-biggest PAC in terms of giving in every election and they are always throwing a monkey wrench into things."

Last year the union threw a monkey wrench into the state's next big reform project, a bill like Doran's that would require recertification every five years. The bill never made it out of committee. "The education committee chairs in both parties are basically the same person," Duffy says. "The trick is making one talk while the other drinks water." Education committee chairmen are well taken care of in Pennsylvania, a state with no limits on campaign contributions. In total, the four chairpeople grabbed about $14,000 from the teachers' unions to aid their reelection efforts in 1996. That doesn't sound like a lot until you consider two of them were unopposed, one faced no major party opposition, and the fourth does not even have to run until 1998.

Despite everything stacked against his cause, Duffy has not lost faith. He believes that the people entering the state house today are a different breed than their forebears—more committed to reform, more willing to take a stand. As proof, he cites the tenure changes made just last year in Pennsylvania. He may be right, but even if he is, can it last? It will be interesting to see what happens when those young Turks face a couple of tight races and need money to bail themselves out. Self-preservation is a strong instinct. It can send politicians to some strange places for help, sometimes even the arms of their enemies.

It can also make candidates resort to deceptive half-truths, in the hopes of winning a few more votes—which brings us back to Dole.

Looking back, his attempt to make teacher unions a national campaign issue was more than a little ironic. The candidate of the party of devolution was discussing a problem he could not have controlled even if he had been elected—a problem already devolved to, and entrenched at, the state level.

It's stranger still when you realize that the teacher union issue may actually be one of the best arguments against devolution. If there is any lesson from teacher-law reform efforts, it is that a well-organized lobby has an easier time running over a small money-hungry governmental body than it does a large one. As devolution chic grows, we may discover the protracted and ineffectual battles over tenure reform in the past few years are just the beginning. They may replay themselves in the future on a host of other issues. That's not just ironic, it's sad. ●

NOVEMBER 1996

PETER ELKIND
The Number Crunchers
Fortune

When it comes to the lottery business, luck has nothing to do with winning. Nor does success depend entirely upon skill, reveals Elkind in his investigation of the world's leading lottery vendor, Gtech. While this Rhode Island-based company is arguably the industry's most skilled and efficient operator, having turned state-sponsored gambling into a "modern, efficient, and hugely lucrative" venture, it allegedly has made heavy use of political cronyism, palm-greasing, and corporate kickbacks to destroy its competitors and cement its dominance of the international market.

GLENN FRANKEL, STEVEN MUFSON & JAMES RUPERT
Big Tobacco's Global Reach
(Four-part series)
The Washington Post

With U.S. cigarette consumption on the decline and anti-smoking sentiments raging, tobacco companies have been working for more than a decade to expand overseas sales. The Post*'s four-part series details tobacco's crusade to penetrate markets throughout Asia and Eastern Europe, including the resultant anti-smoking backlash in Thailand that spurred a tobacco control movement in Asia. In the disturbing opening piece, reporter Glenn Frankel examines the U.S. government's role in helping the industry pry open tough-to-penetrate markets in Japan, South Korea, and Taiwan. During the Reagan and Bush administrations, writes Frankel, "[while] one arm of the government was warning Americans about the dangers of smoking, another was helping the industry recruit a new generation of smokers abroad."*

THE MONTHLY JOURNALISM AWARD is presented each month to one or more newspaper, magazine, radio, or television stories (or series of stories) that demonstrate a commitment to the public interest. We are particularly interested in reporting that explains the successes and failures of government agencies at all levels and of other institutions such as the media, corporations, unions, and foundations that contribute to the existence or solution of public problems. Please send nominations (including two copies of the article or broadcast text) to Monthly Journalism Award, 1611 Connecticut Ave. NW, Washington, DC 20009. Fax: 202 332-8413 Nominations for stories run in December and January are due February 2.

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Muzzling a Watchdog

What happened when the General Accounting Office tried to take on a politically wired foundation

BY DAVID CORN

THE INDEPENDENT WATCHDOG OF Congress. That's the impressive-sounding catch phrase often used to describe the General Accounting Office (GAO), the nonpartisan government outfit that conducts hundreds of investigations a year for the legislators of Capitol Hill. Its 2,500 evaluators investigate subjects ranging from acquisition problems at the Pentagon to the efficiency of penny manufacturing at the U.S. Mint, and they often do a good job. Readers of *The Washington Monthly* are well aware of the GAO's importance—and of the need for an objective evaluator of government programs that is immune to political pressures and bureaucratic power plays.

Yet the independence of the GAO was challenged recently when it dared to question the existence of a small, obscure, government-financed foundation that happens to be a personal favorite of major players across Washington. What happened doesn't constitute a major scandal. But if the GAO softpedaled a report for political reasons, that ought to worry any citizen concerned about government accountability.

Several years ago, the House Foreign Affairs Committee asked the GAO to look into the proliferation of pro-democracy programs run by federal agencies. With the end of the Cold War, the State Department, the U.S. Agency for International Development (AID), the U.S. Information Agency, the Pentagon, and others were each grabbing for a piece of this growth industry. One small but significant participant in the pro-democracy field has been the National Endowment for Democracy (NED), which receives up to $50 million a year from Congress and disburses these federal funds to organizations supposedly promoting democracy in foreign lands. Most of its money is funneled to four "core grantees"—the international arms of the Democratic and Republican parties, the AFL-CIO, and the U.S. Chamber of Commerce.

With this quartet of politically wired organizations as the prime beneficiaries of the NED, influential people throughout the capitol have a vital stake in the foundation. To say the NED is well connected is an understatement. Its board members and supporters include such political luminaries as Richard Lugar, Zbigniew Brzezinski, Walter Mondale, John McCain, and Jeanne Kirkpatrick.

Using NED dollars, the core grantees and other recipients conduct assorted activities, from worthy projects like how-to-register-voters seminars in newly democratic nations, to more questionable exercises like flying operatives and consultants to fancy overseas hotels for conferences. Managed since its creation by a small band of neoconservatives who use government funds to wage their own foreign policy, the foundation bears a troublesome past. It has assisted groups with agendas other than the promotion of democracy, such as a thuggish far-right outfit in France and a Costa Rican policy institute that schemed to unseat an elected president. Past government audits have found lax financial management. In other words, the foundation could use a little outside inspection.

In 1993, a team of General Accounting Office evaluators began studying the crazy quilt of federal democracy programs, and subsequently they divvied up the project into portions. One was to be a review of the NED. "The GAO was so appalled by the lack of oversight at NED and other matters that it wanted to issue a separate report on NED," says a former foundation official. "This made people at NED very nervous. They

DAVID CORN *is the Washington editor of* The Nation.

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were praying it wouldn't be too negative."

Their prayers were answered. And although the way it happened is a matter of contention, the episode prompts questions about the independence of GAO and suspicion about potential, if not actual, conflicts of interest within the investigative arm of Congress. It also shows how a government program can be rigged so it becomes a political sacred cow.

Over the course of two years, several GAO employees toiled on the NED study, examining grants in several countries, interviewing past and present staff members, and preparing statistical analyses that compared NED and AID programs. Then in the spring of 1995, a slightly odd event occurred. The GAO evaluators were told to speak to John Brademas, the former Democratic congressman who chairs the NED. The investigators were well aware of Brademas's position with the foundation. But, according to Joe Kelley, the GAO manager supervising the project, they were surprised to learn that Brademas also sat on the Comptroller General's Consultant Panel, a collection of prominent people who advised Charles Bowsher, then the head of the GAO. Thus the GAO evaluators were probing an organization overseen by an adviser to their boss. This situation, Kelley remarked, "troubled me and other people."

If the GAO recommended defunding a duplicative program, it would irritate important people all over Washington.

Several GAO people, including Kelley, traveled to New York to see Brademas, now president emeritus at New York University. At that meeting, according to Kelley, Brademas expressed disappointment that the investigators had not contacted him earlier. "He tried to put pressure on the evaluators," another former GAO official says. "He was upset he had not been notified of the investigation and that he did not know about it until we were about halfway through. Our position was that we don't notify everybody on the board of organizations we evaluate." Brademas denies ever applying pressure.

The Brademas meeting did not alter the evaluators' plans, and in the summer of 1995 a draft report was finished. It held bad news for the foundation. The report, according to Kelley, concluded that there was significant overlap between the NED and AID. "The programs looked very similar," he said. "We asked, if AID gets into [democracy programs], why do we have to have two agencies? Why are we spending money for both?" The evaluators also concluded that AID, long a target of congressional criticism, was doing the better job in democracy promotion. The draft report recommended that the NED be defunded.

In September of that year, Judith McCloskey, the lead evaluator, briefed the renamed House International Relations Committee on the evaluators' findings. McCloskey refuses to discuss the report's contents or the reaction on Capitol Hill, but according to Kelley and others, committee aides were angered and expressed an obvious fear: Such a report could have dire consequences for NED's funding. The GAO investigators suspected the Republican side of the committee had hoped that the report would supply ammunition for Republican efforts to shrink AID's budget. For a committee that loyally supported the NED—chairman Benjamin Gilman and ranking Democrat Lee Hamilton both backed the foundation—the GAO had come up with exactly the wrong answer.

Shortly after that, GAO staff members met with NED officials, including president Carl Gershman and program director Barbara Haig. "The [NED officials] were stunned," says a source familiar with the meeting. Word spread through the democracy-promotion community that the GAO had NED in its crosshairs.

About this time, Theodore Barreaux, counselor to the GAO's chief, became "very concerned" about the NED draft report, Kelley recalls—particularly its defunding recommendation. Barreaux informed the evaluators that he considered the NED to be a "very important program," Kelley says. Another source familiar with these deliberations says that Barreaux reminded GAO investigators that the foundation was "very politically loaded" and argued that the agency could not release such an anti-NED report. Some GAO staff people found Barreaux's involvement out of the ordinary and wondered if he was functioning as a political commissar in an agency that is supposed to be devoted to producing hard-headed, let-the-chips-fall investigations. "Never heard of this guy," says an evaluator in another division. "But if he's reading draft reports out of political sensitivity, it's outrageous." Barreaux declines to talk about the affair.

Kelley had been gung ho to release the report. Ben Nelson, who replaced the now-retired Kelley in the fall

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of 1995, took a different view: He and other agency officials, according to a former GAO official, "did not want to raise controversies and cause themselves extra headache." Nelson now claims that the draft report did not prove its point and that the accounting office actually had found no evidence of significant overlap between the NED and the AID.

For months, the draft report languished in the GAO bureaucracy. It was revised several times, retaining much of its original gist. In early 1996, GAO officials met with Brademas again. Prior to the session, the team had been ordered to send a copy of the draft report to Brademas, the NED's chair. (The GAO often shares its findings with the subject of an investigation before issuing a final report, but sources familiar with GAO procedure say sending a draft to Brademas, rather than NED's day-to-day managers, was unusual.) Now Brademas was "furious," according to a former GAO official familiar with the meeting. Brademas says he argued that overlap between NED and AID had been resolved and boasted that "NED enjoys widespread support across party lines and ideological lines."

There were further discussions inside the accounting office on what to do with the report. If the final report recommended defunding the NED and asserted that the much-scorned AID was the agency to manage the democracy-promotion brief, the GAO would be sticking a finger in the eye of Congress and irritating important people all over town. Would that be a wise move at a time when budgets were being cut throughout Washington and some House Republicans were questioning the need for the accounting office? In the previous year, the Republican-controlled Congress had slashed the GAO's budget. "That's only made us more timid," says an evaluator.

Finally, GAO decided to kill the draft report. "This was done for political reasons," says a former official who was involved with the report. "The Brademas relationship might have been part of the reason. But NED is connected to labor, the Chamber of Commerce, and both parties. They pretty much have everybody in their pockets. The report was too hot to handle. I was mad. Some of us had spent years on it." A former GAO official says, "Ultimately, this may be self-censorship": GAO bureaucrats may have been intimidated just by the prospect of getting a call. The most effective power play is the one that doesn't have to happen.

Both Bowsher, who recently retired as GAO chief, and Brademas vehemently deny that Brademas's positions as head of a GAO target *and* GAO adviser posed even the slightest appearance of a conflict of interest. "It's outrageous to make such a suggestion," an indignant Brademas huffs. " That charge is insulting." As to Joe Kelley's assertion that GAO evaluators themselves were troubled by Brademas's connections to GAO, Brademas dismisses the former GAO supervisor: "I don't regard him as an authoritative source. I don't think he is accustomed to someone putting sharp questions to him."

In June, the GAO sent a letter to the House committee that conveyed its findings regarding "the potential for overlap and duplication of activities between USAID and NED." The letter noted that the growth in democracy programs had made "NED's previously more distinct role much less clear" and that the accounting office had found that "NED and USAID were funding similar activities in the same countries," sometimes even funding the same groups. (This letter contradicts Ben Nelson's claim that no programmatic overlap was uncovered by GAO.) Yet the letter noted that measures proposed by AID should "mitigate" the evaluators' concerns, and said that "We do not plan to report further on USAID or NED democracy programs at the time." This letter received no public attention. It will not show up in any GAO database available to the public. The House committee would not release it to a reporter.

The NED got off easy. Not only had the evaluators wanted to see the foundation defunded, they even had considered probing other aspects of the foundation. According to a former NED official, there are plenty of rocks worth turning: "There was a lack of oversight of NED. It gives money to emigré dissidents who in meetings with us questioned their own capacity to achieve program objectives. It's run as a private shop where friends get money and relatives of program officers get money. There is a high level of waste, with a lot of people flying around the world and holding very expensive and unneeded programs. I am appalled that the GAO report was not released."

NED's political protection is built in: Dole out money to all sides and you are near invincible in Washington's budget wars. The NED did receive a scare recently when the Senate's proposed 1997 budget zeroed out its funding; but the House proposed continuing the NED's funding at $30 million, and that figure won out.

What is most troubling in this episode is the possibility that a foundation created to enhance democracy prompted the undermining of an action necessary to ensure accountability. Presumably, the need for government accountability is covered in those how-to-run-a-democracy seminars that the foundation subsidizes throughout the world. If so, there are some people associated with both the GAO and the NED who might benefit from such instruction. ●

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Memo *of the* Month

Return-Path: <bobf>
Date: Mon, 26 Aug 1996 23:02:29 -0400
From: bobf (Bob Frank)
To: all@corsearch.com
Subject: More on the phones

I want to add some thoughts to Laura's email. First, I consider one personal call per day per employee to be too much--neither a minimum nor a maximum. I know many of you do not even get one per week. But with 50+ employees, 1 personal call per day per employee is, as Laura showed, over one personal call per ten minutes, all day long. That is too much disruption. And if we allow one per employee per day, what are we going to do when we have 100 employees; have one call every five minutes. You have got to be kidding me.

If you (or your significant others regardless of gender) find it so important to engage in a conversation during the day, then get a beeper and a cell phone and make the calls on your own time (and your nickle). I am sorry to be so hard nosed about this but I have been here for 14 years, clearly have seniority over every employee at this company and I can often go a whole week or more without a personal call. If I can do it, so can you. And just as I believe an example starts at the top on other matters, so does it start at the top on this matter. I expect personal calls to drop SIGNIFICANTLY.

Also, I find it really offensive to have so many personal calls after 6:00 PM. Maybe others are off work at that time but we have employess whose schedules are for them to be here at that time. They too are not your secretaries or answering services. I often am here after 6:00 and I can tell each of you this now. If I answer the phone after 6:00 PM and it is a personal call (short of a real emergency), someone is not going to be happy. It will probably be the last call you get at this office.

Bob

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When Good Guys Lie

Misleading the public is no way to make the world a better place

BY GLENN HODGES

I THOUGHT I'D SEEN IT ALL WHEN PARENTS started leading their kids around by leashes in the shopping mall. Then a woman and her leashless toddler came into the shoe store where I worked. The little boy walked a few feet away from his mother, to look at a shoe or something, and his mother shrieked, "Get back here! Some man's gonna snatch you!" Terrified, the boy ran and wrapped his arms around his mother's leg. He was safe.

It was 1984, the apex of the missing children scare. Fifty thousand children a year were being abducted by strangers, we were told—equivalent to three per state every day—from shopping malls and front yards, bus stops and playgrounds. Parents were fingerprinting their kids and engraving ID numbers into their teeth. Insurance companies offered abduction insurance. The Sharper Image sold bright yellow transmitters so parents could track their stolen kids.

Then, in 1985, the *Denver Post* won a Pulitzer Prize for showing the whole thing was a hoax. The real number of stranger abductions was, at most, a tenth what everyone was claiming, and stereotypical kidnappings (incidents where children were not quickly released) were probably closer to two or three hundred a year. Most missing kids—roughly 95 percent—were runaways; almost all the rest had been "abducted" by non-custodial parents.

The 50,000 figure began with John Walsh, father of a six-year-old boy whose 1981 kidnapping thrust the issue of missing children into prime time (literally—the 1983 TV movie "Adam" probably did as much to elevate abduction hysteria as anything else). After Walsh testified in a congressional hearing that "50,000 children disappear annually and are abducted by strangers for reasons of foul play," it became the statistic of record. Missing children advocates, the news media, members of Congress—all cited it as fact.

Where did Walsh get the number? It was a "guesstimate." He said he concocted it after talking to missing children organizations across the country. He wasn't much of a statistician, but he sure knew how to get attention. "No child is safe from the sick, sadistic molesters and killers who roam our country at random," he said. Now Walsh is the host of "America's Most Wanted."

By the spring of 1986, pictures of missing kids had appeared on three billion milk cartons. They must have had a hard time finding enough children who had actually been abducted; I remember seeing pictures of "children" who were over 18 when reported missing and well into their twenties by the time they joined me for cereal. That struck me as ridiculous and a little funny; seeing that toddler clutch his mother in terror did not. In 1987, a Roper poll found that 76 percent of American children feared, above all else, being kidnapped.

Now, more than ten years after the number has been thoroughly debunked, the scare lives on. Companies still offer kidnapping insurance; parents and children still eye strangers with suspicion. A child told ABC News in 1994, "I don't like strangers. I'm afraid they're going to shoot me or something, or poison me."

When it comes to the shaping of policy debates, misinformation is all too common, and most of us know it. We have learned that half the stuff that comes down the pike is agenda-driven, misleading, and often flat-out wrong. But we tend to reserve our critical faculties for those we already mistrust. When the Heritage Foundation says $5.3 trillion has been spent on welfare since the sixties, or when Philip Morris says cigarettes are not addictive and don't cause cancer, we recognize the agenda and judge accordingly. But where we have sympathies, we lack skepticism. Why did a baseless statistic for abducted children run unchal-

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lenged for years, dragging policy-makers and public attention along by the collar? Because no one's *for* child abduction.

Most issues break down along some sort of ideological lines, and both liberals and conservatives tend to trust their own. Those of us on the middle to left side of the political spectrum are apt to trust environmentalists, social service advocates and other left-leaning crusaders to give us the straight dope. That may not be wise. We assume that noble ends inspire noble means, but that is not necessarily the case. The noblest war can inspire acts just as gruesome as the most debauched land grab.

Why did a baseless statistic for abducted children run unchallenged for years? Because no one's *for* child abduction.

It is important to realize that when someone has an agenda—and who in Washington doesn't?—information is tactical, and very malleable, material. And when the cause seems most important and urgent, the temptation is high for researchers, interest groups, policy makers, and the media to exaggerate problems and distort findings to attract attention and force action.

Bait and Switch

Outright invention, like Walsh's kidnapping number, is rare in the policy arena; it's too easy to rebut. What's much more common is deceptive labeling of arguably accurate data.

Every fall People for the American Way releases a report called "Attacks on the Freedom to Learn," which purports to highlight the growing problem of censorship in America's public schools. In tandem with the American Library Association's "Banned Books Week," PFAW is the source of scores of news stories on how closed-minded parents and religious zealots are targeting our best literature—*Of Mice and Men, I Know Why the Caged Bird Sings, The Catcher in the Rye*—for elimination from public school libraries and reading lists. PFAW's press release this fall exclaimed that "Public education weathered a record-breaking 475 attacks on curricula, library and textbooks, student expression, and other components of public education in the 1995-96 school year."

But what PFAW classifies as an incident of "attempted censorship" is a single complaint, usually from a parent, who in many cases thinks a certain book is inappropriate for his or her child's age group. Most of the books PFAW describes as threatened have had no more than a half-dozen complaints nationwide, and it's not necessarily the classics that are drawing the most ire.

In the 1994-1995 school year, according to PFAW's 1995 report, the two most frequently challenged books in U.S. schools were Alvin Schwartz's *Scary Stories to Tell in the Dark* and *More Scary Stories to Tell in the Dark*, which include tales like "Wonderful Sausage," about a butcher who gets such culinary raves for his ground-up wife that he embarks on a town-wide sausage-making rampage, collecting children and, for good measure, "their kittens and puppies." But the report's 30-page introduction, which winds up being the main source for news stories, makes no mention of Schwartz's books. Meanwhile, *Of Mice and Men* and *I Know Why the Caged Bird Sings* get four mentions each. It's a classic bait-and-switch. When you think of censorship, you don't imagine a university professor complaining that his first-grader is too young to read stories about murder and dismemberment.

Distorting the debate over what is or isn't suitable reading material for children certainly has its repercussions, but the most tangible consequence is probably extra checks from direct mail solicitations (PFAW's annual "censorship" report is a fundraising centerpiece). When social science research uses the same tactics, however, the consequences can be much more serious.

By the time I finished college in 1989, it was taken as a given that one out of four of my female classmates had been victims of rape or attempted rape. Thanks to a 1987 study that quickly became conventional wisdom, sexual assault was seen as a crisis of epidemic proportions. Upon closer examination of the study, which had been produced in conjunction with *Ms.* magazine, it was clear all was not as it had seemed. Seventy-three percent of the women who had been defined as victims of rape did not themselves think they had been raped, and 42 percent of them—to the bewilderment of the researcher, Kent State professor Mary Koss—continued having sex with the men who had "raped" them. Half of these women labeled the problem as "miscommunication." It turns out Koss had decided on a definition of rape that many people, including the victims, did not share.

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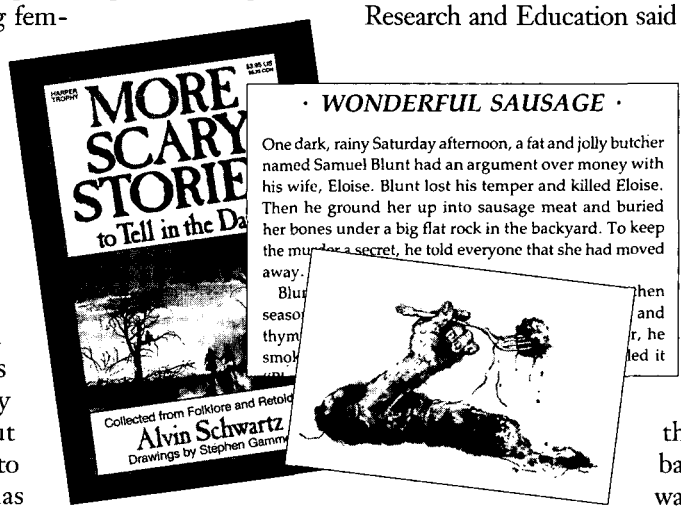
An earlier study, in 1982, came to similar conclusions—that 1 in 3 women would be victims of rape or attempted rape in their lifetimes—but again, about half the women did not consider their experience rape. But when University of Washington researcher Margaret Gordon used a more straightforward definition of rape for a 1981 study, she found that only 1 in 50 of the 1,620 women she randomly surveyed had been raped or sexually assaulted. (When she was conducting her rape study, Gordon told the *Toledo Blade*, "I felt pressure to have rape be as prevalent as possible. I'm a pretty strong feminist, but . . . the really avid feminists were trying to get me to say that things were worse than they really are.")



Many studies fall somewhere in between Koss's and Gordon's, and it's a legitimate arena of contention. Rape has traditionally been vastly underreported. But swinging the numbers to the other extreme has problems of its own. As a 20-year old University of Michigan student told the *Toledo Blade* in 1993, "It makes a big difference if it's 1 in 3 or 1 in 50. If it's 1 in 3, that's something you could reasonably expect would happen in your lifetime. I'd have to say, honestly, I'd think about rape a lot less if I knew the number was 1 in 50." Another student said, "The numbers scare me a lot. I find myself sitting back and saying, 'Should I count on having this terrible experience sometime in my life?'"

But fear is only one consequence. Transforming debatable studies into steadfast slogans—one in three will be victimized—universalizes the problem: All women are equally vulnerable. But it's poor and minority women who are at the highest risk, and middle-class white women—especially college students—who get most of the support services. According to the U.S. Department of Justice's National Crime Survey, black women are more than twice as likely to be raped as white women, and low-income women are raped five times as often as high-income women. Meanwhile, as community rape crisis centers are habitually underfunded and short-staffed, their well-funded university counterparts in some instances may have little reason for being: Many universities—even large state schools—report fewer than one rape or attempted rape each year. There may be a significant underreporting problem, but when reported rape victims in non-university settings go begging for support services, the situation smacks of misplaced priorities. Instead of "taking back the night" on college campuses, energies might be better spent volunteering at local rape crisis centers.

Inflated and misleading numbers can not only lead to the wrong solutions; they can lead to no solutions. When the National Association for Perinatal Addiction Research and Education said there were 375,000 babies born each year who were exposed to drugs while in the womb, Washington threw up its hands. Douglas Besharov, a professor at the University of Maryland School of Public Affairs, says that when Congress was debating how to address the problem of "crack babies" in the late 1980s, it was immobilized by the immensity of the problem. The 375,000 figure, Besharov says, "had a chilling effect on Congress. I was floating around there, testifying at hearings, and you could just watch their faces blanch." Meanwhile, he says, the real number was one-tenth that figure—closer to 35,000. It turns out the larger statistic counted babies whose mothers ingested alcohol or a drug at any point in their pregnancies. In other words, a wide net was cast to make the problem seem larger than it really was. And almost a decade later, Besharov says, there's still no federal program to address the problem of children born to drug addicts, and "a big reason is people thought it was too big to deal with."

If I Can Get AIDS, Thank the CDC

But it's when the federal government—the closest thing we have to a final authority on everything from budget numbers to information on crime and disease—lies in the service of a greater good that the policy consequences are perhaps most severe, and the betrayal of trust most pronounced. In May 1996, *The Wall Street Journal* revealed that the U.S. Centers for Disease Control (CDC) had since 1987 deliberately misled the public about the threat of AIDS. Concerned that a disease that primarily threatened gay

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men and intravenous drug users would fail to garner public concern and congressional largesse, the CDC made a conscious decision to cast the disease as an equal-opportunity threat. "As long as this was seen as a gay disease or, even worse, a disease of drug abusers, that pushed the disease way down the ladder [of people's priorities]," said Dr. Walter Dowdle, a virologist who helped create the CDC's anti-AIDS office in the early eighties. Public-service announcements featured the clean-cut son of a Baptist minister saying, "If I can get AIDS, anyone can." But they left out the fact that he was gay. Similarly, the CDC neglected to mention that a young woman featured prominently in its ad campaign had been an I-V drug user.

Meanwhile, as Americans came to see AIDS as the nation's single greatest health threat (despite being only the number-11 killer), according to a 1992 Gallup poll, the disease made no significant inroads into the general heterosexual population. It did continue spreading, however, among homosexual men and intravenous drug users and their partners.

In its defense, the CDC says there were still a number of unanswered questions about the direction AIDS was taking in 1987. But many of those questions have been resolved now. According to the *Journal*, unpublished CDC research concludes that "the most effective efforts to reduce HIV infection will target injecting drug users in the Eastern seaboard, young and minority homosexual and bisexual men, and young and minority heterosexual women and men who smoke crack cocaine and have many sexual partners." Yet the CDC is still focusing much of its public education campaign on people with the lowest risk of the disease: middle-class heterosexuals.

The most devastating consequence of the CDC's errant public information campaign has been the misdirection of AIDS prevention money. In California, only 9 percent of the state's AIDS prevention funds targeted gay men between 1989 and 1992, despite the fact that they represented 85 percent of all AIDS cases, according to a University of California–San Francisco study. And a UCSF epidemiologist concluded that $1 million can prevent 150 new infections if targeted toward high-risk groups, versus only two or three if targeted to low-risk populations.

Now, the CDC is finding itself caught in a trap of its own creation. Though it can no longer escape the conclusion that the most effective prevention efforts will target the most at-risk groups, 10 years' worth of programs designed to target the population as a whole don't want to go gently. Oregon's HIV program manager, Robert McAlister, told the *Journal* that many of the state's community AIDS workers "are unwilling to acknowledge that youth who are truly at risk [are] young gay men." As a result, most prevention funds are still targeted at low-risk heterosexuals. Twenty percent of the CDC's $584 million AIDS prevention budget goes toward HIV testing. But of the 2.4 million federally funded tests given in 1994, only 13 percent were for gay or bisexual men or I-V drug users.

For all these downsides, though, here's what the CDC did get: The year after the CDC began its campaign, federal funding for AIDS research nearly doubled, to $655 million in 1988, and CDC's prevention budget more than doubled, from $136 million in 1987 to $304 million in 1988. Both those figures have since doubled again. Dishonesty pays.

And exposing it often doesn't, as Michael Fumento learned with his 1990 book, *The Myth of Heterosexual AIDS*. A few years too far ahead of the curve, he argued that AIDS in the United States was still—and was likely to remain—a disease primarily afflicting high risk groups, and that the American people had been suckered into believing something different. And he got creamed. He was attacked by activists, pilloried by colleagues, fired by his employer, the *Rocky Mountain News*, and embargoed by bookstores. The huge Waldenbooks chain didn't order any copies until Fumento attacked the company on C-SPAN. Fumento's publisher, Basic Books/HarperCollins, let the book go out of print after selling only 12,000 copies. As the Basic Books representative who sold to Waldenbooks in New York told *The Washington Monthly* in 1993, "Look, it was going against everything we know about AIDS, about anything anybody reputable was telling us. Why buy a book like that?"

This kind of groupthink mentality is not unusual: Debunkers of a good cause's bad information are often labeled bad guys. After Dave Murray, the research director at the Statistical Assessment Service, a Washington group that tries to challenge faulty stats, wrote a report challenging missing children figures, he "got e-mail left and right." Murray says he was told, "The agony of Polly Klaas is on your hands. Don't you think child abduction is a tragedy? What's wrong with you?"

Airing on the Side of Caution

Sometimes dishonesty is as much what you don't say as what you do. In November, *The Washington Post* reported that for years the National Highway Traffic Safety Administration (NHTSA) kept quiet the fact that air bags could injure and even kill passengers, especially small children, in automobile accidents.

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Why? Apparently because NHTSA was working feverishly to make them mandatory equipment in all U.S. cars and didn't want anything to derail the plan. It was more important to get the public on board in favor of air bags than it was to tell them the whole story of the costs and benefits.

Studies from as early as 1969 showed air bags might injure or kill passengers, but it wasn't until 1991, after the first deaths started rolling in, that NHTSA considered warning the public. And that was only after some hand-wringing. After an October 1991 meeting in which NHTSA and auto industry officials discussed the "half dozen or so" deaths that had so far been caused by air bags in low speed collisions, a NHTSA memo recounted agreement "that the potential for bad press in these few cases could cause a lot of harm to the public's positive perception and receptiveness to air bags." It wasn't until four years later, in November 1995, that NHTSA warned the public about the danger of air bag–induced injuries and deaths. Now there have been approximately 50 such deaths, 30 of them children.

What the *Post* did not report was that NHTSA was not the only one to have put PR concerns ahead of public safety. When NHTSA finally proposed its rule requiring warning stickers on automobile visors in 1993, a number of auto safety advocates (all strong air bag proponents) pushed for mild warnings to avoid alarming the public. The Insurance Institute for Highway Safety argued that "the proposed warning could mislead the public by implying that air bags can cause fatal or serious injuries that would not have occurred in a comparable vehicle without an air bag," even though that was exactly the case. Advocates for Highway and Auto Safety actually said there wasn't a need for a permanent label, that a warning in the owner's manual would suffice. "It would be counterproductive to present this information by way of unnecessarily alarming statements," AHAS argued.

Not surprisingly, opponents of mandatory air bag laws are seizing upon this affair as ammunition. It's too late for them to derail the federal mandate, but look for this story to become part of the permanent lexicon of anti-regulatory crusaders. It would be a shame if this were to tip the balance against a valuable safety mandate down the road. Federally mandated seatbelts have saved countless lives, and air bags are credited with preventing roughly 1,100 deaths to date.

Aiding and Abetting

Crusaders who withhold the whole truth, mislead, and exaggerate often unwittingly strengthen their opposition and weaken their own cause, especially when they're claiming the moral high ground. No one seems more prone to this than environmentalists, and it's on the biggest and most contentious issues that the problem is most pronounced. The worst-case scenarios for global warming and overpopulation, for instance, foretell changes so catastrophic that most other concerns would be rendered virtually moot. Some people, looking at those high stakes, throw caution to the wind and use everything in their arsenal, no matter how loosely tethered to scientific data, to get people's attention and force action.

On a 99-degree day in June 1988, as the nation sweltered through the latest hot, dry summer in a decade of record high-temperature years, climatologist James Hansen appeared before Congress and proclaimed that he was 99 percent certain the earth was in the midst of man-induced global warming. "It's time to stop waffling so much and say that the greenhouse effect is here and is affecting our climate now," Hansen told reporters that day. Newspapers had a field day, and Hansen's colleagues had conniptions. After all, concern over global warming was barely a decade in the making, and 10 years of high temperatures do not a climate change make. "The variability of climate from decade to decade is monstrous," oceanographer Tim Barnett told *Science* in 1989. "To say that we've seen the greenhouse signal is ridiculous."

Most climatologists believed there just wasn't enough data to make a conclusive judgment. Only a decade earlier, after 30 years of relatively cool temperatures, climatologists feared we might be entering a new ice age. Though there was certainly reason to believe in 1988 that global warming was a real possibility, even a probability—atmospheric levels of carbon dioxide, the main greenhouse gas, had increased 25 percent since the 19th century—there was no way of knowing yet whether the higher temperatures of the '80s were a trend or a statistical blip.

Even Stephen Schneider, a Stanford climatologist who has been at the forefront of the push for action against global warming, thought Hansen made a mistake by overstating the case. While Hansen's assertions got the attention of the public and Congress, "there was a risk of severe credibility loss for climatology if nature rolled a cold, wet summer or two soon, and this was quite possible," Schneider wrote in his 1990 book, *Global Warming*. Meanwhile, the '90s have seen some record-hot years (notably 1990, 1991 and 1995), but it's also had some cooler ones. 1992 and 1993 were cooled by sunlight-reflecting particles from the 1991 eruption of Mt. Pinatubo in the Philippines, and 1996 is looking to go down as a relatively cool year

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too. None of this is inconsistent with global warming models, but in bringing scrutiny to individual years instead of a longer-term pattern, Hansen risked confusing the public over the issue; he also "gave ammunition to his detractors," as Schneider wrote, a take that is shared by many, including MIT atmospheric scientist Kerry Emanuel.

Emanuel says Hansen's statement polarized the issue between "people who had the strong feeling that global warming's a serious problem, and it's happening, and another camp that felt equally sure that it wasn't a serious problem—when in fact a rational, somewhat dispassionate view would say, hey, this is a serious issue that needs to be looked at." Now, thanks at least in part to premature alarmism, there's a consortium of scientists, think tanks, and journalists who have set out to blow holes in the case for global warming, even as the evidence supporting global warming has continued to mount, and the scientific consensus has continued to thicken. "I think the truth will out," says Emanuel. "But it's probably been delayed."

Overstating your case is a seductive option when you realize that "mights" and "maybes" don't necessarily make the front page.

Exaggeration invites opposition. "I tell that to my environmental colleagues all the time," Schneider says. "You can't change what you believe to be the credibility of the case. And you don't need to have a case 100 percent proved. The truth is bad enough."

Tell that to Paul Ehrlich. In his 1996 book *The Betrayal of Science and Reason*, co-authored with his wife Anne Ehrlich, the Stanford biologist attacks the fast-growing "brownlash" movement that he says is trying to discredit environmentalists with unscientific arguments, false information, and *ad hominem* attacks. He does not seem to realize that the alarmism employed by himself and others has made an effective backlash that much easier.

In 1968, Ehrlich announced in his best-selling book *The Population Bomb* that "The fight to feed humanity is over. In the 1970s, the world will undergo famines—hundreds of millions of people are going to starve to death in spite of any crash programs embarked upon now." In 1970, flush with the attention of a fawning public, he upped the ante: Thanks to overpopulation, 65 million Americans, and 4 billion people worldwide, would die of famine in the 1980s.

That didn't happen, of course. But more than a quarter century later, overpopulation remains a potential problem. There are now 5.7 billion people on the planet, 2.2 billion (63 percent) more than in 1968, and the potential for conditions to significantly worsen—via overcrowding, pollution, disease, famine, etc.—sometime before the population levels off at between 8 and 12 billion is a real one. But much of the public's attention and emotions have already been captured and squandered by overemphatic predictions. Now, more tempered predictions about potential future overpopulation problems are that much easier to dismiss and attack. Ehrlich himself has become a straw man for that part of the "brownlash" that sees no problem with a growing population, and that is successful at convincing others there is no problem.

When asked about his failed predictions by *Stanford* magazine in 1990, Ehrlich had this to say: "Everyone wants to know what's going to happen. And you never know what's going to happen. So, the question is, Do you say, 'I don't know,' in which case they all go back to bed—or do you say, 'Hell, in ten years you're likely to be going without food and water' and [get] their attention?"

Yet Ehrlich takes the high road against environmentalists' "unscientific" detractors in his latest book. "[W]e and our colleagues in environmental science make no claim to perfection, only to doing science as it should be done and to having our work constantly reviewed by peers so that it represents more than our own idiosyncratic opinions." He says scientists shouldn't be blamed for making predictions that don't pan out. He's right; the problem is, his predictions haven't been especially scientific. No scrupulous scientist will state as absolute fact that something *will* happen if he in reality doesn't know if it will or not. Responsible scientists, environmental or otherwise, add the necessary caveats: This *may* happen; that *might* happen.

But overstating your case is a seductive option when you realize that "mays" and "mights" don't necessarily make the front page. Diane Dumanoski, an environmental reporter for the *Boston Globe*, told this story to David Shaw of the *Los Angeles Times*: In 1991, a Harvard scientist was predicting a "very high probability" that

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an ozone hole would develop in the Northern hemisphere by the turn of the century, and Dumanoski wanted to get the story on the front page. Her editor, however, didn't think a "probability" merited page one, and told her if it wasn't a sure thing, the story would go inside. So she called the scientist and "negotiated something that really wasn't accurate . . . something much balder than was true," as she told Shaw. She got her piece on page one, and it said there would be an ozone hole. Meanwhile, a Northern hemisphere ozone hole remains to be seen (and few expect to see one).

At a conference in 1990, Dumanoski said, "There is no such thing as objective reporting. I've become even more crafty about finding the voices to say the things I think are true. That's my subversive mission." Yet, ironically, the Ehrlichs praise Dumanoski in *The Betrayal of Science and Reason* as one of the "responsible electronic and print journalists who regularly offer

Who's Who

By Susan Threadgill

For those who hoped that women in Congress would set a good example of how to balance work and family, **Clara Bingham**'s new book, *Women on The Hill*, is not brimming with glad tidings. **Rep. Cynthia McKinney** left her nine-year-old son behind in Georgia. It's hard to squeeze quality time from the crowded schedule of her weekends in the congressional district or his four or five visits a year to Washington. "He doesn't like me in this job," McKinney tells Bingham. "He would rather have a regular, average, ordinary mother." **Patty Murray**'s family has gone back home. Murray, who had pioneered in letting **Pam Norick**, a staffer who is also a mother, work a four-day week, has told Norick the family-friendly schedule has to stop and that she has to leave if she can't work every day.

Of course, if you're in the camp that thinks women should adapt to congressional culture rather than try to change it, you won't be troubled by those stories. And you'll be heartened by Bingham's characterization of **Pat Schroeder** as turf-obsessed—a trait the men in Congress have spent decades perfecting.

Former White House lawyers **Mark Fabiani** and **Jane Sherburne** are said to have been dissatisfied with **Bruce Lindsey**'s "social visit" description of Riady-Huang meetings with the President. Is this why they have left the White House? Insiders tell us no. Fabiani has an inner-city revival project in San Diego that he is reported to be excited about. And Sherburne had other problems besides Lindsey. She didn't get along with White House counsel **Jack Quinn**. And the person to whom she reported, **Harold Ickes**, is leaving soon. But so (as we learn just as we go to press) is Quinn. Maybe Sherburne should reconsider.

After CNN's **Mark Feldstein** exposed the Hoffa gang's attempt to regain control of the Teamsters, **Jimmy Hoffa Jr.**'s aides, according to Feldstein, "Threatened to investigate me and smear me in Washington. I even have a tape of a Hoffa lawyer saying I will 'burn in hell' for the story."

The recent appointment of **Lanny Davis**, a former law partner of **Ron Brown**'s and of the legendary lobbyist **Tommy Boggs**, to replace **Mark Fabiani** on the President's special counsel on Whitewater shows the White House is willing to forgive mistakes by a friend. Davis, who has known Hillary **Clinton** since their Yale Law School days, subsequently played a role in selecting both **Zoe Baird** and **Janet Reno** to be attorney general. Few of today's White House insiders regard either choice as brilliant. Baird's nannygate problems cost the President dearly in the administration's early days, and Reno, who is thought by most White House insiders not to be tough enough on any crimes—except those possibly committed by the Clintons—is said to survive only because she is widely admired among the general public.

The financial troubles of **Joseph E. Cosby**, one of Washington's more prominent bookers of speaking engagements has left a lot of his prominent clients feeling stiffed. Among those aggrieved are **David Broder**, **Cal Thomas**, **Arthur Schlesinger Jr.**, **George Plimpton**, and **David Brinkley**. The biggest loser—to the tune of $50,557—appears to be **Jesse Jackson**.

Why was **Tony Lake** replaced by **Sandy Berger** as National

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dependable information to the public on the environmental situation." If that's the standard of excellence, it should come as no surprise to find that, as the Ehrlichs disappointedly cite in their book, a 1995 poll found that "51 percent of those polled believed the media's coverage of environmental issues was biased and 35 percent thought the media made environmental issues seem worse than they really are." The Ehrlichs blame the brownlash: "To our distress and that of many of our colleagues, brownlash messages seem to be having a measurable effect on the general public." Might it be that the public is right?

Compounding the irony, one of two examples the Ehrlichs cite of "what a superb job a good journalist can do with a complex scientific topic when backed up by careful technical reviewing," is *Our Stolen Future*, a 1996 book co-authored by Dumanoski that has been widely attacked for ignoring studies that

Security Adviser? "The President had known for a long time that he had to get Tony out of this job," one of Lake's rivals told *The Washington Post*. "No one wanted him to stay. People as different as **Vernon Jordan** and **Hillary Clinton** respected and admired his personal loyalty to the President, but did not like the fact that he created so many problems with everyone else." If the rival is right, one has to wonder if the CIA is being used as a turkey farm. Isn't it already overstocked?

Congressional Democrats are livid with the White House for its failure to do a better job of handling the illegal contributions story as it was helping them lose their chance to become a majority in the House and Senate. Days passed with no response. Finally **Mary Ellen Glynn**, a deputy of **Mike McCurry**, was assigned to deal with the problem, but she was relieved of the responsibility after one day. And a crucial press briefing was left to **B.J. Thornberry**, a Democratic National Committee functionary who had only recently come to the committee from the Department of Interior.

Some observers detect **Al Gore**'s hand in the selection of **Madeline Albright**. One, **Martin Sieff** of the *Washington Times*, reports that Gore "strongly opposed" **Sam Nunn** and **George Mitchell** because he saw them as "prospective rivals for the presidential nomination in the year 2000 if they had the powerful base of secretary of state for the next four years." Certainly it is

true that *The New Republic*, which is owned by the Vice-President's close pal and enthusiastic supporter, **Martin Peretz**, published two articles in the weeks before the appointment that generously praised Albright.

Another factor in **George Mitchell**'s losing after having seemed the early leader in the race for the top post at State is that the White House began to hear reports from Capitol Hill about how Mitchell plays closer-to-the-vest than even **Bob Dole**—hardly a promising characteristic for an administrator who needs to communicate with thousands of subordinates.

Here's how **Susan McDougal** says her former husband, **James McDougal**, is being won over by Whitewater prosecutor **Kenneth Starr** and his staff: "They drive Jim wherever he wants to go. They bring him candy. Jim told me they treat him like a king," she said in an interview with a *Reuters* correspondent. "When you're sick and you've lost everything and you're looking at an 84-year prison sentence, being treated like a king has to feel pretty good."

The modern mania for celebrities—to which this column is, of course, absolutely 100 percent immune—has a perverse knack for rewarding wrongdoers, observes our old friend **Matthew Miller**. He asks, "Do you think, for example, that in his heart of hearts, **Oliver North** wishes the Iran-Contra scandal had never happened and that he remained an obscure functionary who retired on a military pension after his days running rogue operations out of the White House were over?"

ROMAN GENN

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don't support the authors' hypothesis and for not representing the full breadth of scientific evidence.

Our Stolen Future posits that synthetic chemicals that mimic estrogen and other human hormones—"endocrine disruptors"—may be impeding human sexual development and sending male sperm counts worldwide into a downward spiral. The book has plenty of defenders as well as detractors, and, to their credit, the authors are careful to admit that the evidence is not entirely conclusive, and that there are a number of "mights" and "maybes" involved. Unfortunately, many of the caveats have been lost in the translation, and some of it is the authors' fault: A blurb on the book cover states as fact that sperm counts are down 50 percent across the globe, when in fact the main study asserting that has been widely criticized and contradicted; and one of the authors, Theo Colborn of the World Wildlife Fund, has been somewhat, shall we say, excited in her media statements. She told CBS's "Eye to Eye with Connie Chung" that "The ultimate test for chemicals today, we realize now, has to be whether the chemicals affect reproductive capability, and if we don't do this, we are headed for extinction."

But the media are also at fault here, as they often are when it comes to potentially alarming environmental, health-and-safety, and crime stories. In the CBS story in which Colborn appears, much of the nuance of the book's argument is lost, and the segment veers quickly from egregious to comic. The piece's opening illustration is a man with a low sperm count who can't impregnate his wife. We get the full treatment: the couple's sad vignette, the scientist with the microscope looking at the man's deformed sperm, the quick switch to the contentious Danish study alleging the 50 percent global sperm count drop, and finally the transition to the allegations that endocrine disruptors are a probable cause. There's no indication of the very likely possibility that this is just one of those unfortunate guys who shoot blanks, as any number of men have since time immemorial.

But here's the real kicker: We're introduced to a man, a mortician who can't be identified, who mysteriously started growing breasts, losing libido, and suffering sperm count drop. After a biochemist identified a hand cream that mimicked estrogen as the culprit and the mortician stopped using it, we are told, his condition "improved dramatically."

"The mortician went on to father two more children," the reporter says, triumphantly, before plunging into a panoply of "expert opinions" that, yes, the hand cream was definitely at fault, and that things like plastic-lined soup cans could be dangerous too.

Cut to final scene:

REPORTER (voiceover): We decided to track down that mortician only to find that he most definitely has not returned to full manhood.

(Footage of reporter and the mortician, in a dress, walking down the beach.)

MORTICIAN: "I . . . I was feeling like a half-and-half person, and I didn't know who I was because of what had happened with this chemical stuff."

REPORTER (voiceover): Today the mortician is living as a woman and taking estrogen by prescription. She told us a troubled childhood contributed to a lifelong struggle with her gender identity, and yet . . .

REPORTER: "If you had not been exposed to that estrogen-like cream at work, do you think that you would be living your life as a woman today?

MORTICIAN: "No, I think I would have been living as a man, and that answers the question right there."

You almost expect the mortician to yell "LIVE FROM NEW YORK . . ." but this is the real deal—CBS news. The reporter does go on to say, "The mortician's doctor is extremely skeptical that the cream would cause that dramatic an effect. He believes that other factors are clearly at work here." But that's obvious and doesn't do much to soften the alarmist tenor of the story.

The media have their reasons for pushing scare stories. First, drama sells. An ozone hole is a big story; fifty thousand kidnapped kids is a big story; AIDS threatening you and your neighbor and your children is a big story; the human race on a path to chemically-induced sterility is a big story. Stick to the confirmed statistics and the established science, with all the caveats and maybes, and the stories atrophy in urgency. Second, journalists are just as vulnerable to the "good guy syndrome" as everyone else. When they believe in a cause, they are less apt to judge its particulars critically. *Time*'s science editor Charles Alexander said in 1990, "I would freely admit that on this issue [of environmentalism] we have crossed the boundary from news reporting to advocacy."

It's true that there is no such thing as objectivity, and that dispassion is not necessarily an ideal goal. But the press should try, if not to be objective, to be accurate. We risk living in an age where all facts are fluid, debatable, and thus irrelevant. The press should not increase that risk. We—the press and the public—need to hold our sources of information accountable, to insist that they not mislead us in the service of a good cause or, worse, "for our own good." ●

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Tidbits & Outrages

Looks Like Four More Years of Cold Showers

Aspiring Pennsylvania state legislator Mark Althouse told voters before the election that he would take a victory as a mandate—to marry his girlfriend and lose his virginity. The 24-year-old Republican lost.

No More Noon Reveille Either

The Dutch army is tightening up: Soldiers are no longer allowed to smoke marijuana and hashish while in the service. Ponytails and earrings are still OK.

And What Do You Think the Question Says About Bryant Gumbel?

In an interview with Jimmy Carter, Bryant Gumbel noted the fact that Carter both prayed more than usual as president and was "one of the more ineffective presidents of modern times." Gumbel asked, "What do you think, if anything, that says about the power of prayer?"

She Was Also a Suspected Midol Dealer

In October, an 11-year-old honor student in South Carolina was suspended from school and arrested by police for bringing a steak knife to school to cut her chicken lunch.

Dennis Rodman Day Has School Officials Divided

AP/Wide World Photo

Indiana's Supreme Court recently upheld an elementary school's suspension of a boy for wearing an earring. The school had prohibited boys from wearing earrings for fear they would be the first step towards cults, gangs, drugs, and homosexuality. The school found nothing wrong, however, with its "opposite sex day," in which boys come to school in dresses, nylons, high heels, and padded bras.

His Follow-Up CD is Called "Madman in Pain"

In October, the same month that he lunched with Lorena Bobbitt and described it as an "extremely high honor," Ecuadorian president Abdala Bucarem released his first CD, entitled "Madman in Love."

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Working 5 to 9

All work and no play doesn't just make you dull—it can also drive you crazy

BY MICHELLE COTTLE

ONE ENCHANTED EVENING LAST March, I found myself hurtling through the darkened sky in a Boeing 747, suspended 30,000 feet above the still-frozen midwest. I was on the red-eye, the only travel option that would permit me to make a late afternoon meeting in San Francisco and my morning appointment in Boston. The in-flight movie had played itself out, and I'd flipped through the stack of memos and journal articles in my shoulder bag. Now all I wanted to do was sleep.

But I could not drift off. My eyes were glued to one of those individual video screens airlines are now installing on the backs of passenger seats. In between invitations to play video games (for a nominal fee) or peruse the entertainment and sports news of the day, the screen kept flashing a warning at me: "You can't afford to be out of touch. Use the Airfone to contact your office or clients right now."

I was overcome with panic. Should I call the office and check my voice-mail? What if a crisis were erupting that very minute that I wouldn't know about until we landed in another two hours? What if my boss needed to reach me but couldn't because I was busy dragging my carcass across the continent on a bit of company business?

What if, indeed.

The American worker is doomed. Not only do we have to worry about downsizing and stagnant wages and increased productivity demands, we have become the target of a movement, led by shrewd entrepreneurs and by our own employers, to help us minimize the number of seconds we are not actively engaged in job-related activities. What's worse, their efforts are being aided by the unwitting victims themselves, pathologically ambitious worker bees who wear their beepers during sex and develop a nervous tic if they go more than 10 minutes without checking voice-mail.

The Airfone is a prime example of the key role technology plays in this absurd crusade. I don't care if you are the chairman of Philip Morris, chances are there is nothing going down with the Marlboro man that can't be put on hold until you've deplaned. But thanks to the wonders of modern telecommunications (and clever marketing), business travelers have been made to feel we're doing our companies a disservice by being out of touch for the duration of a domestic flight. God forbid we should read a book, write our congressman, meditate, or fritter away our time with some other non-work-oriented pursuit for a few hours. As for travelers so career-crazed they get the shakes at the mere thought of missing a client call: You don't need an Airfone. You need a tranquilizer.

Back on terra firma the situation is even uglier, with faxes, cellular phones, and modems making it possible for us to work anytime, anyplace. No longer does leaving the office signal the end of the work day. People can now send us voice mail and e-mail at 8:00 p.m. on Christmas Eve. And since we can access these systems remotely, there's the constant pressure to respond promptly or have our work ethic questioned. Fortunately, also thanks to cell phones and beepers, a busy parent can easily set up a conference call from the middle of his third-grader's ballet recital. One well-adjusted executive at my old company even managed to conduct sales calls from her hospital bed just hours after delivering her first child. Now that's time well spent.

Recognizing that a workaholic culture might clash with the current hooplah over family values, computer and telecommunications companies have begun marketing their products and services as "family friendly" conveniences that help employees balance work and personal obligations. Just recently GTE aired a commercial asking if you'd ever tucked your

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child into bed from 1,000 miles away. Presumably, viewers were supposed to send up a great cheer when the ad assured us that someday soon we'd be able to do just that thanks to video hookups on our home computers. What an ingenious breakthrough in work/child management: remote parenting. Just log on at night for a quick bedtime story, then log off for eight hours of restful, guiltless sleep. As for the kids, what six-year-old wouldn't want a parent that came with an on/off switch?

Already these inspirational child-rearing techniques are gaining popularity. *U.S. News & World Report* recently ran a heart-warming piece about the rise of "virtual parents," who, while working late at the office or away on business, correct their children's homework by fax, oversee their dating life by phone, and keep track of their whereabouts by beeper. Forget all that messy personal interaction. Here's a system in which everyone prospers: Companies don't need to fret about employees being distracted by non-work issues. Parents don't have to feel guilty about not being there for their kids. And children get to have that great latchkey-kid freedom, but with the security that, if they hear a strange noise outside or feel the urge to begin a life of crime because of parental neglect, they can just beep Mom or Dad for a little electronic emotional support. With any luck, in another five or six years we'll have successfully eliminated the need for all physical contact whatsoever with our offspring—maybe even our spouses. Forget Windows 97; Bill Gates should perfect the cyberhug.

One well-adjusted executive at my old company placed sales calls from her hospital bed just hours after delivering her first child.

Kill Them With Kindness

Still, it would be too easy to blame technology for our inability to disengage from work. Many of the developments blurring the line between our professional and private lives are decidedly low-tech. Among the hottest is the new breed of employment benefits thoughtfully designed to help stressed-out workers "balance" their personal lives right out of existence:

• Since 1987, the Washington, D.C.-based Arnold & Porter law firm has run an emergency back-up child care center that operates at night and on weekends, for use solely when parents are working overtime. The firm estimates that this family-friendly center clears the way for an additional $800,000 in billable hours a year.

• The Principal Financial Group in Des Moines, Iowa, has established an onsite "lactation center" where new mothers can go to express breast milk. According to a Principal spokesperson, this helps speed women's return to work following childbirth. (It's essential not to let newborns get too accustomed to parental attention, lest they develop a sense of entitlement.)

• At the Milwaukee headquarters of Northwestern Mutual Life Insurance, employees can enjoy free lunch in the company cafeteria—the company having calculated the money and time lost by people leaving the premises to eat.

Quick to spot a profitable trend, the market has come up with an offering that makes it even easier for companies to provide time-saving benefits: corporate concierge service. Typically managed by an outside contractor, a company's concierge can handle employees' every need—from standing in line at the DMV to retrieving clean dress socks from someone's home (or delivering expressed breast milk).

Now, granted, we'd all love to have someone fluff and fold our underwear and cook dinner for us every night, but these perks aren't about achieving balance so much as about making it easier, and more acceptable, for people to work non-stop. After all, if your company provides after-hours daycare, it suddenly becomes much more reasonable for an employer to expect you to work overtime. And if one phone call to the office concierge can take care of your automotive, grocery, and home-furnishing needs, as well as organize your four-year-old's birthday party, why would you ever need to leave your desk? As one systems analyst whose firm offers such benefits told the *Indianapolis Star*, "I can concentrate on my work and do a good job without having to worry about my personal obligations."

Companies insist (and may even believe) that their goal is not to chain workers to their desks, but the reality is that these programs are being provided within the framework of a business culture that still equates job commitment with hours spent at the office. Even with benefits like flex-time and paternity leave now available in many companies, the unspoken rule remains: He who stays the latest gets the promotion—

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or at least doesn't get canned. Notes Boston University researcher Laura Nash, "Companies seem willing to do anything for people—except for the employee who says, 'I just want to go home at 5:00 p.m. and have dinner with my family.' That's unheard of."

Employees know this, and the uncertain job market makes them wary of testing employers' humanity. All those media stories about the GM engineer "let go" after 15 years and the UCLA grad forced to shovel fries at Jack-in-the-Box have made people too afraid to leave their desks. We are convinced that, were we to sneak out of the office before 9:00 p.m., we'd find a hungrier, "more dedicated" employee entrenched in our cubicle by morning.

Noses to the Grindstone

So if most people are going to work all night regardless of who's cooking dinner, what's wrong with at least providing them the conveniences?

For starters, these arrangements allow both employers and employees to avoid confronting the true costs involved in achieving a real balance of work and personal demands. We have a desperate desire to believe that what works is the same as what's good. For example, reports show that more and more companies are providing sick/emergency child care. This magnanimous effort to save parents the hassle of scrambling for a sitter when Junior is too contagious to be around other children has led to much back-slapping and self-congratulations throughout Corporate America. Well, this is super news, because four out of five pediatricians surveyed say the best possible treatment for a sick toddler is to be handed off to a bunch of strangers as quickly as possible so as not to interrupt Mommy and Daddy's work day.

Follow in Famous Footsteps . . .
Be an Intern at the *Monthly*

The Washington Monthly is looking for winter/spring interns. Internships involve all aspects of magazine production, business, writing, editing, and design, and are unpaid.

Past interns have gone on to careers at *The New York Times, The Wall Street Journal, The Los Angeles Times, The Washington Post, U.S. News and World Report, Newsweek, The New Republic, Slate*, the State Department, and the White House. Applicants for the position should send a resume and a writing sample to:

Hilary Davis, *The Washington Monthly*,
1611 Connecticut Avenue, NW, Washington, DC 20009

Quick reality check: Complicated problems rarely have simple solutions. In reality, hiring someone to videotape your child's Little League game does not make working all weekend okay. Similarly, while paying someone to fetch employees' dry cleaning is a nice gesture, it does not counterbalance the increased productivity demands feeding their anxieties and driving them to put in such long hours. In a 1996 Gallup poll, one quarter of employees surveyed said they feel "stressed out" at work every single day. While great news for the makers of Maalox, this bodes ill for our society's overall mental health.

Americans claim they are ready for a change. A 1994 Gallup poll showed that approximately one third of those surveyed would take a 20 percent pay cut in exchange for fewer work hours for them or their spouse. But it will take more than a few office errand boys to effect the required change. At this point, most Americans don't need any help in obsessing over work. By and large, we're a culture that has taken the Protestant work ethic one step too far, gauging people's worth by their professional (and financial) status. Even as we bemoan our chaotic schedules, we're suspicious of those who aren't on the fast track. Twenty-somethings who don't come flying out of college ready to beg, borrow, or commit investor fraud to make company VP within five years are labeled "slackers" and expected to move to Seattle and serve up espressos at Starbucks.

No one is looking to undermine America's global competitiveness. We simply need to accept that the law of diminishing returns applies to workloads, and we need to start formulating workplace policy based on that understanding. But don't look for Uncle Sam to lead the way: Executing a bold move in exactly the wrong direction, the IRS ruled in December that companies can now give employees the option to, instead of taking their allotted vacation days, have a percentage of their vacation pay placed into tax-deferred 401k retirement accounts. (Just think of what a nice funeral that fund will provide for when you drop dead from exhaustion at age 45.)

Reform-minded employers may have to take the first step, making better use of part-time work arrangements, and setting limits on the hours people work and the vacation days they must take. Otherwise, we'll continue to learn the hard way about the ugly results of all work and no play. My former employer certainly did: Just a few weeks into my job, I discovered that the woman who'd previously held my position had been wheeled away on a stretcher one afternoon after a small "stress attack" she'd had in front of the elevators.

Needless to say, no one there pushed me to work weekends. ●

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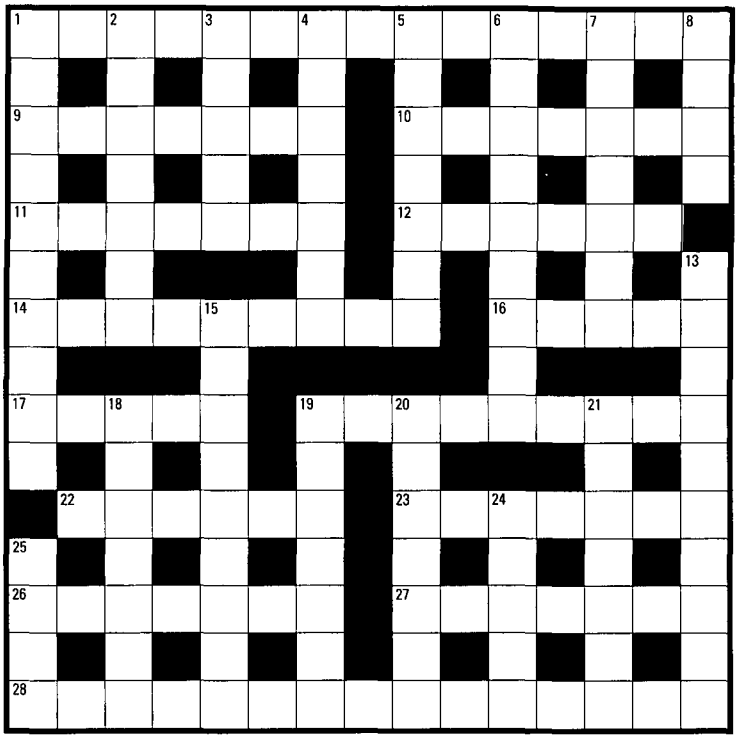
Political Puzzle

By John Barclay

The numbers indicate the number of letters and words—thus (2,3) means a two-letter word followed by a three-letter word. Groups of letters, such as USA, are treated as one word.



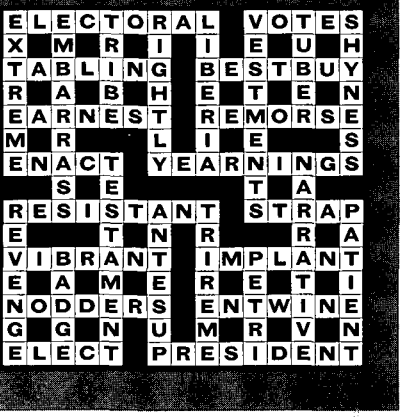
Across

1. De facto power center is awkwardly shut off heatwise (5,5,5)
9. Music festival site disturbed pool set (7)
10. Leading lady sometimes is caster's job (7)
11. Prisoners' hints skipping note (7)
12. Sad affliction about Hector (6)
14. Some members of Congress formally fashioning Lenten gem (9)
16. Silly, crazy, lacking direction (5)
17. Curing gout before October 1 is budget item (5)
19. Disciplines for income after 50 (9)
22. Consume in attempt for agreement (6)
23. Noise about legal accomplishment is safety device (4,3)
26. Form of government if casts regroup (7)
27. Slander Franklin about failure (7)
28. Washington figures deliberately air vet pretenses (15)

Down

1. Nothing was prepared for President (10)
2. Lou Gehrig in Roman type (4,3)
3. Tennis star to turn inside out (5)
4. Animal stirred soups within limits of organism (7)
5. In charge of blues, not tans, arrangement (7)
6. Tao unit is disguised state of affairs (9)
7. Land camera shot around start of inauguration (7)
8. Wanton firm (4)
13. Bends grips cleverly for piece of household equipment (10)
15. Approve fighter in satisfactory condition in the French clone (4,5)
18. Appears and puts run in play (5,2)
19. Infant items late, yet sorted (7)
20. Car/boat combination for performer (7)
21. Book van manufactured for author (7)
24. Stale stew is most opposite (5)
25. Arkansas trailing service at considerable distance (4)

Answers to last month's puzzle



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No More Martinis

Modern spies face a different world

By Walter Pincus

A SPY FOR ALL SEASONS: My life in the CIA
By Duane R. Clarridge
Scribner, $25

WHETHER YOU LOVE OR HATE the CIA, Duane R. "Dewey" Clarridge's memoir, *A Spy for All Seasons*, subtitled "My Life in the CIA," is worth reading. Its freshness, openness, and plain arrogance make it by far a better starting point for discussing where the trouble-laden clandestine side of U.S. intelligence has been and should go than the myriad presidential, congressional, and think-tank studies churned out in the post-Aldrich Ames era.

You wouldn't expect that from Clarridge, whose career is rooted in the now disparaged and deconstructed "old boy network" days, which he looks back on with fondness and describes from his particular point of view with authoritative detail. (Among other escapades, as one of the agency's more celebrated "cowboy" field operatives, Clarridge guided CIA development of the Nicaraguan contras, became involved in the Iran-contra scandal, and was indicted for lying to Congress, only to be pardoned by President Bush before his case came to trial.)

The arrogance is all Clarridge's; the freshness is probably equally traceable to his writing colleague, Digby Diehl. But the openness must be attributed to the CIA's Publications Review Board, which permitted description of past covert operations, use of the names of agency stations abroad, and even revelation of the identities of retired operatives. Just a half-dozen years ago, that type of information could not be cleared for public mention, even in Iran-contra criminal trials and congressional hearings.

Unlike first-generation CIA clandestine operatives, such as Frank Wisner, Desmond Fitzgerald, and Richard Helms, Clarridge did not serve in World War II. Along with the others who joined in the 1950s, his career was shaped from the beginning by the Cold War. As he puts it, "I was in the CIA . . . to advance the interests of the U.S. government and the American people abroad. In real terms, this meant taking on the Soviet empire, communist China, and their satellites, and preventing their domination of the world with their grotesque, inhuman, and corrupt ideology." For Clarridge, this was a black-and-white battle between good and evil, which meant "an abhorrence of . . . moral relativism" that included "America's liberal left."

At the time he retired in 1988, Clarridge believed a change had taken place in the quality of agency personnel, and that this was having an effect on operations. He traced it first to the drop-off in Ivy League recruitment in the 1960s, later to the fast expansion fostered by one of his heroes, the late CIA Director William J. Casey, and finally "to gender and ethnic quotas or diversity [that] are no substitutes for talent." By the late 1980s, Clarridge claimed, the ranks of younger and mid-career operatives included "an overabundance of yuppie spies who cared more about their retirement plan and health insurance benefits than about protecting democracy. For them, the CIA was just a job."

Clarridge's analysis of the agency's personnel problem is straightforward: The egalitarian sentiment of American democracy clashed with the elite reputation of the CIA's clandestine service in the 1970s. Ignoring the agency failures that led up to this point, Clarridge notes that a decision was reached "that anyone should be able to become a case officer in the CIA. And anyone is whom we started to get."

On one level, this led to a breakdown of the profile he assigns his generation of operatives—a few with "serious money," a majority middle class, but all "with quality education." That, he said, established "a

WALTER PINCUS *is a* Washington Post *staff writer.*

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kinship ... [of] shared values and experiences, and an unspoken ethic of loyalty up and loyalty down." According to Clarridge, the new, non-elite, 1980s case officers lacked the intellectual background to recruit, particularly among Europeans, because they could not discuss literature, art, or economic theory. On top of this "roots" problem, he saw a more direct effect on operational realities: Because most secret intelligence is in the hands of men, their recruitment by female CIA case officers "has inherent difficulties," the most obvious being the target's initial reaction that a woman "is coming on to him for sex . . . something the clandestine services will not countenance as a recruitment ploy." Similarly, ethnic case officers "encounter prejudices that inhibit their ability to recruit and often even handle agents not of their ethnic background." Clarridge's conclusion: Women make better handlers of already recruited agents. Ethnic officers should be used where their backgrounds are advantageous, not in an effort to control or influence the world's prejudices.

The climate in the CIA's clandestine operations "has declined into something resembling the style, work ethic, and morale of the post office."

But people are only one part of the CIA's problems. More vexing, to some extent, is the question: What do they do? What is the CIA's clandestine role in the post-Cold War world? It's here that Clarridge's often revealing descriptions of his past activities can provide ammunition for CIA critics who want to all but shut the operation down.

Start with Clarridge's description of his first success as a 27-year-old "power broker" in Nepal, where he used secret campaign funds to woo a socialist politician who was fighting a small communist party to become that kingdom's first democratically elected prime minister. Clarridge relates that it was not too long after the agency's "legendary" director, Allen Dulles, approved his request to help finance the man's campaign that Washington instructed Clarridge also to give money to Nepal's king. This hunk of money was to oppose Clarridge's candidate and others the king did not like. Clarridge's man won anyway, but soon came to the young CIA operative saying he feared for his life because the king was preparing to dissolve parliament and arrest him. CIA headquarters told Clarridge to stay out of the internal fight. When his man was jailed, Clarridge says he was "incensed," but adds stoically, "Curiously the king's coup elicited very little overt displeasure from Washington." It's the first of many episodes Clarridge relates where CIA operatives manipulated other governments and their officials, without concern for possible long-term harm, in order to ensure the communist bad guys didn't win.

Perhaps the most interesting example of this involves the Nicaraguan contras, the CIA-financed rebels who militarily opposed the Sandinista regime in Managua during the 1980s. Clarridge's description of this enterprise must be read by anyone ever drawn to that complicated and controversial enterprise. One point worth exploring here (in conjunction with thinking about the CIA's future in such activities) is Clarridge's perhaps inadvertent disclosure that various parties involved in this frequently bloody enterprise had totally different goals, even among groups within the Reagan-Bush administrations.

At the start, the Reagan administration told Congress that support for the contras was designed to prevent aid from flowing from Nicaragua to rebels in El Salvador. Clarridge explains that Thomas Enders, then assistant secretary of state for Inter-American affairs, favored some covertly supported guerrilla action against the Managua government as a means to push the Sandinistas into serious negotiations. Others, particularly in the White House—and including even Casey—worried that Enders would too quickly "agree to some half-assed deal with the Sandinistas," and soon had him replaced.

The contra leadership, Col. Enrique Bermudez in the north operating out of Honduras and Eden Pastora down south in Costa Rica, agreed on almost nothing, save the common goal of wanting to use U.S. support to overthrow the Managua regime. In the middle, armed by the CIA, were the Miskito Indians, who had agreed to fight the Sandinistas only because they were caught between the two Nicaraguan fac-

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tions. Clarridge chronicles the political battles with and among the contra leaders and between the White House and Congress as U.S.-paid arms poured in and the fighting increased. Eventually, the blowing up of bridges brought on martial law in Nicaragua—the "desired effect." According to Clarridge, Intelligence said it would have happened even without the CIA intervention. What really would have happened anyway is hard to figure, but the losses of life, property, and stability are still being recorded.

Clarridge's versions of how it all ended and his view of the Iran-contra affair add details to the massive literature that already exists, but his main contribution is in making people inside and outside the CIA, before undertaking such covert actions, consider the goals, organization, and impact—both short and long term

For example, we are treated to an extensive case study of Clarridge's recruitment of a Polish trade representative whose brother-in-law held an important position on the general staff of that country's then communist-run army. For more than five years, Clarridge took this fellow out to dinners and even arranged for his wife's abortion. We never learn of even one piece of important intelligence that emerged from this furtive and probably costly relationship. Despite Clarridge's emphasis on the need for quality operatives to carry out recruitment, he baldly proclaims at one point that the CIA "wasted a lot of emotional energy trying to recruit Soviets during the Cold War," adding: "I know of no significant Soviet recruitment that was spotted, developed, and recruited from scratch by a CIA case officer." He points out that American traitors like Aldrich Ames, and Soviets who really wanted to cooperate, walked in of their own volition—normally for money.

Clarridge's final major assignment emerged from then-President Reagan's demand to Casey in the wake of the TWA hijacking and the Achille Lauro incident that more be done to halt terrorism. After a three-week study, Clarridge modestly reports that he completed in January 1986 "probably the most brilliant paper (or at least the most cogent) that I had ever put together or ever will." Out of it came the CIA's Counterterrorist Center, which merged clandestine operatives with analysts and technicians, as well as with outside specialists. Its best achievement—that can be discussed—was the tracking and eventual capture of Fawaz Yunis, who in 1985 was indicted for hijacking a Royal Jordanian Airlines plane, which he and his colleagues blew up on the tarmac of the Beirut airport. Although by Clarridge's own standards, "from one to ten on the scale of terrorism, Fawaz Yunis was at best a three," capturing him and putting him on trial was supposed to "make our intentions clear throughout the terrorist community." This successful worldwide effort, involving the Pentagon, the FBI, Navy ships, speedboats, a yacht, and a helicopter, resulted in Yunis being sentenced to 30 years in a U.S. prison. Terrorists, however, did not seem to take note.

Clarridge's conclusion, after surveying four years of the CIA under President Clinton and current director John Deutch, is, not surprisingly, that the organization "is finished as a really effective intelligence service." This view reflects the assessment of many of his contemporaries, retired and active. And like many of his other estimates, it is overstated but has some truth to it. Clarridge's own experiences record the current limits of the CIA in areas of terrorism, counternarcotics, and economic spying. And now, he says, with morale "at rock bottom" the agency's clandestine Directorate of Operations has declined "into something resembling the style, work ethic, and morale of the post office."

What better time to begin reconstruction—without the "appalling catastrophe" that Clarridge predicts must occur before the President and Congress realize that strong steps need to be taken? It will not be easy to slice the CIA's still inflated size, upgrade and challenge personnel, revise the overall structure, and focus narrowly on clandestine missions. Steps like these will take the kind of intelligent gambling that the CIA's shifting leadership cannot, without more experience, seriously contemplate.

What are the targets, not today or tomorrow, but in five or 10 years? Where are we willing to plant several dozen people for use in the out years after they have established themselves inside communities or governments in the Middle East, Southeast Asia, Central Asia, or West Africa? Who will convince, cajole, pay off, frighten, or force really bad elements within terrorist or mafia-type organizations to become long-term informants?

It took more than five years with the best experts around and sophisticated leaders like Defense Secretary William Perry to reduce the multi-billion-dollar decisions for future intelligence satellites. There is no such team in place for making the same decisions in the human intelligence field. And remember: You can always reprogram satellites to cover any part of the world. You can't do the same with people.

The CIA is the president's personal intelligence organization, not some rogue club. It needs his attention now, or Clarridge may turn out to be right about its future. ●

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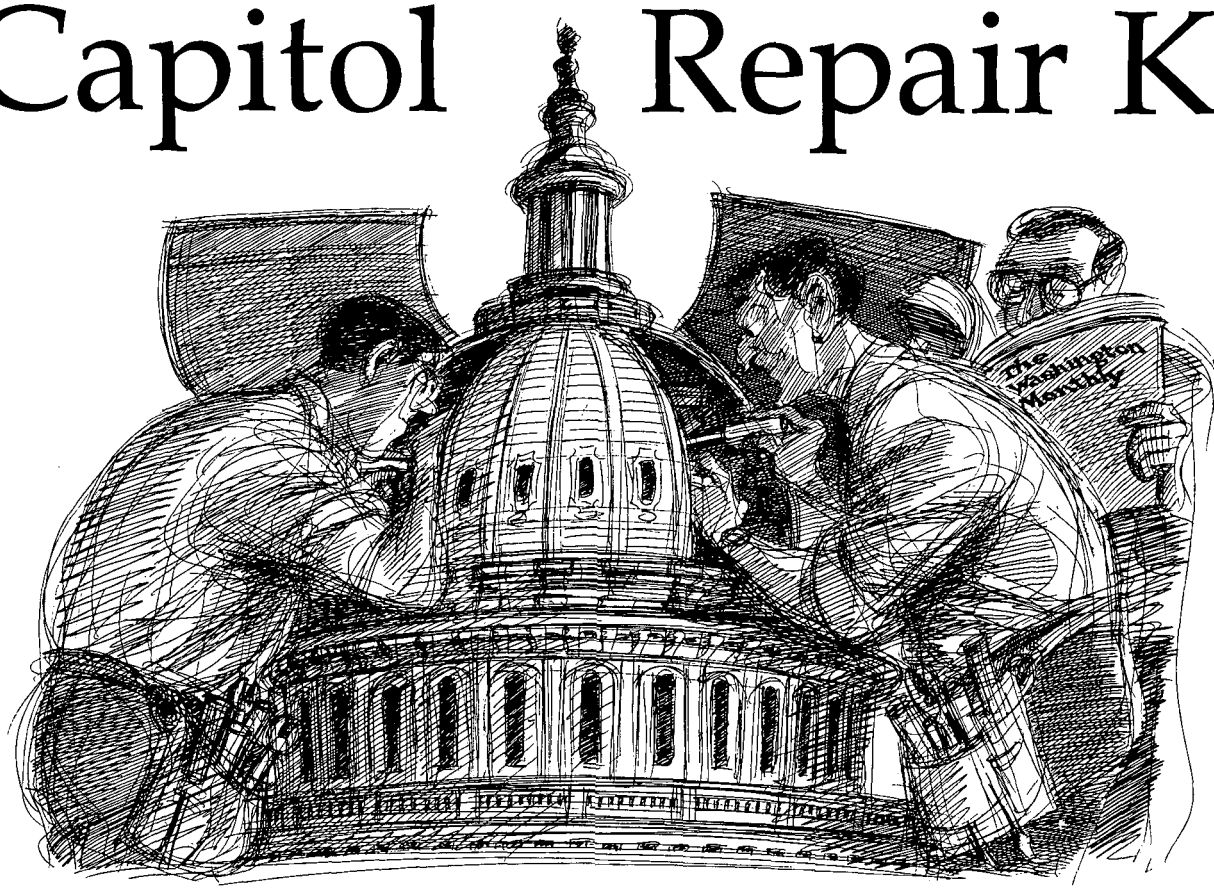

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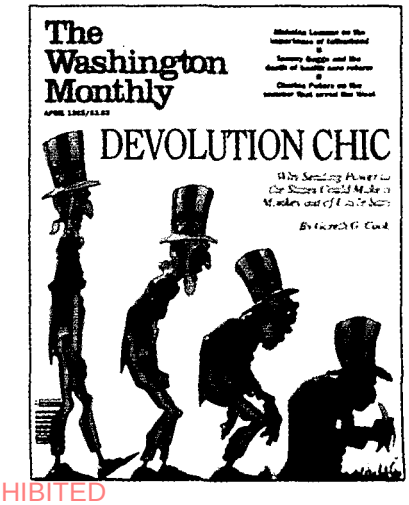
"... holds up a deadly accurate mirror to the Washington political culture, exposing its hypocrisies, stupidities, and unexpected triumphs." —*Chicago Tribune*



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Gurumania

Management consultants make a lot of money, but do they make us better managers?

By Tim Carvell

THE WITCH DOCTORS: Making Sense of the Management Gurus
By John Micklethwait & Adrian Wooldridge
Times Books, $25

A TIP FOR THE BUSINESS TRAVELER: Next time you find yourself in an airport with an hour to kill, wander over to the obligatory mini-bookstore on your concourse, home in on the management section, and play some games:

• Find two books whose theses, as expressed by their titles, neatly contradict one another. (*The Customer Is Always Right!* and *The Customer Is Usually Wrong*, say. Or *The Team Handbook* right next to *No More Teams!*)

• Find the most pathetic management book. (My favorite: *The Supervisor's Script Book*, which contains actual scripts to get a boss through sticky situations. A sampling: "Okay, Mary, thanks for leveling with me. I'm going to chat with Frieda and see how she feels about this." Provided that you have underlings named Mary and Frieda, this book is invaluable.)

• Find the book with the dopiest title. (*Jamming. Clicking. The Healing Manager.* Or the surprisingly thick *A Manager's Guide to Sexual Orientation in the Workplace.*)

• Find the book that actually contains useful, sensible, surprising ideas for managing—ideas you would never have thought of yourself, but which will, once implemented, change your workplace for the better.

That last one's a trick question, by the way. Don't even try it.

How did all these dreadful books find their way to your local Barnes & Noble? Since when did telling bosses how to do their jobs become a career in and of itself? And how do you even begin to sift through the muck and actually find the few nuggets of value?

Well, you could start by consulting *The Witch Doctors*, an overlong but valuable overview of the management consulting profession by John Micklethwait and Adrian Wooldridge. The authors, staff editors of *The Economist*, set forth a brief history of the science of management, explain the major issues facing management theorists, and offer a few guesses about management's future. Why should you care? Well, when Newt Gingrich is bragging about having read Peter Drucker and the major fact of corporate life is downsizing—a trend which began and was fed by the guru profession—it's probably best to sit up and take notice. And the uninitiated could do worse than this readable, blessedly jargon-free tour of the field.

The authors devote special attention to the two biggies: Peter Drucker and Tom Peters. Drucker, they argue, is the one true great thinker that management theory has produced. As the authors put it, "Drucker has either invented or influenced virtually every part of management theory"—a bold statement, but probably accurate. Starting with his watershed 1946 work *The Concept of the Corporation*, Drucker set forth the principles upon which subsequent management theory has been built. The virtues of a decentralized corporate structure, the need for empowering individual workers, and the rise of the knowledge worker—all of which are taken for granted today—were set forth half a century ago by Drucker. Still, the authors get a little gushy about him, and while he deserves much of their praise, I'd have drawn the line at calling him an "undisputed alpha male."

If Drucker represents management theory at its most reasoned, erudite, and scientific, then Tom Peters represents the popular conception of a management guru. Author of the mega-selling *In Search of Excellence*, Peters is the charismatic guy who gives motivational lectures for big money and peppers his books and speeches with dopey catchphrases like "The Pursuit of Wow!" To their credit, Micklethwait and Wooldridge set Peters in his proper context, as the management thinker who gave business a much-needed wakeup call in the early '80s, criticizing the cherished corporate bureacracies of the time and challenging companies to reward innovation and risk-taking. What's more, Peters was the first business author to really engage his audience. It is

TIM CARVELL *is a writer-reporter at* Fortune *magazine.*

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easy to forget now, when management books regularly invoke the wisdom of Winnie-the-Pooh and Jean-Luc Picard, that business authors haven't always bothered to make their work interesting. Peters, on the other hand, didn't merely want to engage readers—he wanted, as he might say, to excite them! He wanted to thrill them!! He wanted to make them race yaks!!! His books (particularly the later ones) may get goony, but they're always accessible and inviting, making management sound as straightforward as car repair. And so the authors give Peters his due as the man who "has persuaded more managers to think a little bit more carefully about what they are doing than almost anyone else alive," even as they express their queasiness about what his success has bred: Hundreds of would-be Peterses who borrow his flashy style without its thoughtful underpinnings. In one all-too-brief chapter, the authors profile a few of the flakier characters, like Tony Robbins, who has clients walk across burning coals "protected by nothing other than the power of positive thinking."

It would be easy to dismiss these gurus as amusing snake oil salesmen, were it not for the fact that so many corporate chiefs are taking them seriously—with sometimes devastating consequences. One of the best chapters traces the spread of the reengineering cult, from an article in the *Harvard Business Review* to a best-selling book (*Reengineering the Corporation*) to a stock-in-trade of consulting firms to a phenomenon that left hundreds of thousands jobless. Reengineering was a monster success—for the management industry. But for the companies who shed so many workers in painful restructurings, reengineering was, in many cases, a failure, with any gains in productivity or efficiency pretty much wiped out by ill will and time lost to watercooler griping among the employees who remained. Nor has the management industry really been harmed by the pain it has caused. Instead, the authors note ominously, it has simply dusted itself off and gone on the prowl for "a new fad, a new idea that [can] be branded, preached, sold, and spread all around the world."

If reengineering isn't enough to make one pay attention to the gurus, then consider this: The client list of Tony Robbins—the coal-walking guy—happens to include our President, who is a huge fan of the management consultants. Indeed, the latest and most enthusiastic converts to guruspeak have been in the public sector. One of Al Gore's favorite books, *Reinventing Government,* was consciously modeled on Tom Peters's *In Search of Excellence* and originally had the clunky title, *In Search of Excellence in Government.* Politicians now hammer home their managerial acumen, despite the hard fact that management theory and politics fit together, in the authors' memorable phrase, "like trousers fit a chimpanzee—almost, but not quite." While many management principles can indeed be applied to government, they were designed for business. And no matter what Ross Perot may tell you, our government is not a business and cannot be run like one. The authors, in an excellent section on the flirtation between government and gurus, supply many examples of managerial techniques crashing and burning in the public sector, the most vivid of which is the failure of the Clinton health care plan. In the authors' eyes, the project was doomed from the start, as Ira Magaziner—who was, after all, head of a management consultancy—attempted to redesign America's health care system in much the same way that an automotive company would redesign a car: setting up committees of experts, assembling documents, and conducting meetings in strict secrecy. While this might work fine in a business setting, where strong leadership and secrecy are weapons, in government, where compromise and openness (or, at least, the appearance of openness) are paramount, Magaziner's boardroom tactics failed spectacularly.

While those portions of the book dealing in specific personalities or issues are quite strong, it does have one glaring weakness: a long and mostly pointless middle section, ambitiously titled "The Great Debates." In this, the authors attempt to summarize all the major theoretical disputes in the management profession, then supply their own answers to these knotty problems. What makes the section infuriating is that the authors don't seem to know whether they want to present an objective account of the debates or if they want to take sides; thus, they offer compelling arguments for both positions, then, in the final pages of each chapter, announce their preference for one approach or the other (a preference which, coming without warning and with minimal explanation, seems arbitrary at best). Worse still, their preferences tend to occupy the murky middle ground of the debate, which makes one wonder why they bothered to take a stand at all.

For example, in their chapter on strategy, the authors present evidence both for and against the two most popular approaches to managing anorganization: creating a business plan and establishing a guiding vision. They then draw their own bold conclusion: "In the end, all strategy is gambling on the future. Visions—no less than plans—are only as good as those who make them." Um . . . thanks. In chapters like this one, the authors come closer to reflecting, rather than transcending, the frustrating and self-contradictory nature of the management field.

The only one of the debates on which the authors

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take a provocative stand is the ongoing battle between "shareholder capitalism," which argues that companies' highest good is to produce short-term profits for Wall Street, and "stakeholder capitalism," which holds that companies' main concerns should be the long-term welfare of their workers and their business. The authors take the surprising view that shareholder capitalism is preferable, on the grounds that risky, fast-moving industries need the pressure that comes with shareholder money. What's more, they posit shareholders as the most efficient safeguard against the abuses of management. The major business scandals of recent years, they note, took place when there were no shareholders looking over the shoulders of a company's board. But while their point about the need for corporate oversight is true enough, the authors willfully omit the flip side: Shareholders can be just as greedy and rapacious as managers, and if recent history has taught us anything, it's that companies will do some stupid things to boost their share price in the short term. After all, the companies who announced downsizing plans to bump up their stock outperformed the market for six months afterward—but lagged behind three years later. The truth is that both approaches have their flaws, and as mealy-mouthed as the authors are on the other debates, this is one where I can't help but wish that they'd stuck to the middle ground.

But the weakness of this section does not negate the basic value of Micklethwait and Wooldridge's book: Overall, they've produced a readable primer on management which neatly boxes the compass of all the major theorists and their ideas. It may very well be the only management book of the past decade worth reading. No mean feat, that. ●

Slick Willie

Willie Brown plays the game hard—but to what end?

By Harold Meyerson

WILLIE BROWN: A Biography
By James Richardson
Berkeley, University of California Press, $29.95

WHEN THE GALLEYS OF James Richardson's biography of California's legendary assembly Speaker arrived in the mail, I mentioned the book to a friend, a longtime Sacramento staffer and lobbyist. "It's a little early for the definitive biography of Willie Brown," she said. "Since he's just starting out as San Francisco mayor?" I asked. "No, since the statute of limitations hasn't run out," she replied.

Which remains the rap on Willie Brown, the fiery '60s liberal who, to general astonishment, became the ultimate player of inside politics in the nation's most populous state; the pol who set the standard for fundraising, for deal-making, for all the aspects of the politician's trade that the public has come to loathe. And early though it may be, Richardson's thorough and engrossing study is indeed likely to stand as the definitive biography of Brown—as well as an authoritative account of the descent of the California legislature into gridlock and irrelevance.

Richardson's volume comes a year after his colleague John Jacobs's marvelous biography of Brown's mentor, California Rep. Phillip Burton. But it falls somewhat short of Jacobs's effort, and chiefly, one is forced to conclude, because Brown's story is ultimately a good deal less compelling than Burton's. Both were driven men, both were masters of the game, but Burton played the game to ideological ends; the Byzantine deals with right-wingers would ultimately result in more welfare coverage, or new black lung legislation, or additional national parks. Brown's deals were often no less Byzantine or brilliant, but their goal was more commonly simply to perpetuate his hold on power. That is partly because Sacramento was more gridlocked during Brown's tenure than Washington was during Burton's. It is partly because the means Brown used to stay in power made the progressive advances he professed to desire all the harder to attain. And it is partly because Brown, in complete contradistinction to Burton, was consumed by the game itself.

It's not the consummation one would necessarily have predicted for the young Willie Brown. Surpris-

HAROLD MEYERSON *is the executive editor at* LA Weekly *and a member of the editorial board of* Dissent.

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ingly, the most absorbing section of Richardson's work is the first. Brown grew up in the most segregated and Mississippi-like corner of Texas in the 1930s and '40s, within a very functional extended family that supported itself at least partly through activities on the far side of legality. His uncles ran a casino and a bootleg-liquor operation, and Brown learned early that not even the white man's law wanted to come down heavy on the community's chief liquor supplier. On balance, though, the East Texas of Brown's youth was a violent, racist environment. Shortly after high school, Brown left for San Francisco, where his uncle Itsie—and his uncle Itsie's casino—had relocated. In quick time, Brown had not only become one of San Francisco's few black attorneys, but a rising star both in the city's militant NAACP chapter and in the fledgling, left-wing Burton machine.

Richardson follows the young attorney as he represents protestors in the courts (a steady source of employment in the Bay Area of the '60s), into the state assembly where he rashly challenges Speaker Jesse Unruh, and to his apotheosis: his speech at the 1972 Democratic National Convention on behalf of seating George McGovern's California delegation, which Brown chaired and which was under challenge from the party's old guard. "Give me back my delegation!" Brown thundered, and for a moment he had become the spokesman for all the forces—blacks, students, women, antiwar activists—that emerged in the turmoil of that time.

But there's another way to read that line—the cry of a legislator who wants his votes back. After 1972, that was the Willie Brown who emerged, though for many he remained cloaked in the larger purposes of social movements that he had ceased to represent. (That he was not universally viewed as a tribune for minorities became clear in his unsuccessful bid for the speakership in 1974, when all but one of the black and Latino assembly members supported his opponent.) Brown consoled himself by cultivating a lucrative law practice on the side, and reveling in the cars, the Italian suits, and the overall ambiance of elegance that came with it. (The steady stream of girlfriends had begun well before Brown was in the money.) What Brown didn't do during the '70s, when Jerry Brown was governor and liberal legislation was possible, was produce any notably progressive law, save a statute decriminalizing gay sex.

When he finally became Speaker in 1981, having cut a deal with assembly Republicans to let him wield the gavel, the liberal epoch in California was virtually at an end. Brown presided for a record 14 years as Speaker, twice the tenure of any other, but his reign coincided with the governorships of George Deukmejian and Pete Wilson. His legislative victories were largely defensive—minimizing the effects of the governors' cutbacks on Democratic causes, such as education funding.

Overall, Speaker Brown was memorable more for his ability to keep the Democrats in power than to produce notable law. In the first term of his speakership, Richardson notes, Brown raised and spent twice what his predecessor had on Democratic assembly campaigns. In short order, committee chairs were being doled out to members who were proven fundraisers; and the "juice" committees, like Ways and Means, were enlarged in the cause of greater fundraising potential. Brown funneled the money into assembly races that he targeted and staffed with his own able apparatchiks.

During Brown's speakership, no American politician received as much money from tobacco as he; Richardson puts the figure at just over $600,000. While many liberal-dominated local governments were outlawing smoking in public places, Brown got the assembly to pass a bill pre-empting localities' power to regulate smoking. (The bill died in the other house.) But tobacco money proved a double-edged sword: In 1994, a last-minute $125,000 check from Phillip Morris to a Republican assembly challenger gave the GOP its first majority in a quarter-century. Brown left the speakership as he had come—securing just enough Republican votes to cling to the post until he was enmeshed in his next activity, running for mayor of San Francisco.

Brown claimed to view his return to San Francisco as an opportunity to be born again in liberalism. "I still have a soul!" he proclaimed early in his race for mayor. As leader of America's most liberal city, he would have the freedom to pursue a progressive urban vision freed from the threat of Republican vetoes, to become a champion for urban America.

It hasn't quite worked out that way. Brown emerged from the Sacramento cocoon to find that there was no consensus as to what the liberal urban agenda actually was, and he himself had little to suggest. He recently canceled a homelessness summit his office had planned; it seemed likely to yield few solutions and much rancor. Still, he's been a smash on purely stylistic grounds. "I hope San Francisco takes on my style and my attitude," he said while campaigning, and the wave of fedora purchases that followed his election suggests this may be the case. In this new chapter of a long career, Brown is emerging as less a new-age LaGuardia than a latter-day Jimmy Walker, LaGuardia's playboy predecessor whose affairs, like Brown's, were endlessly interesting to the local press. It's not quite the legacy one would have hoped for from the man Richardson calls Phil Burton's most talented student. ●

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Slogging Through Gomorrah

The world according to Bork bears little semblance to reality

By David Cole

SLOUCHING TOWARDS GOMORRAH
By Robert H. Bork
Regan Books, $25

THIS COULD ONLY BE THE WORK of Joe Klein. The further I read in *Slouching Towards Gomorrah*, the new best-seller ostensibly written by Robert Bork, the more convinced I became that the book was in fact an elaborate parody. It's a brilliant idea: Take all the nasty lies those liberal special interest groups spread about then-Judge Bork during the battle over his Supreme Court nomination, exaggerate them a hundred-fold, and then publish a book as if it were written by the demonized Robert Bork. For good measure, have him attack not only the right of privacy and judicial activism, but rap music, portable radios, and the ordination of women priests. The left will love it, because it will confirm all their worst fears about Bork; the right will love it, because it will confirm all their worst fears about the nation. Best-seller.

As parody, *Slouching Towards Gomorrah* barely succeeds. Its vituperative tone and inflated rhetoric quickly become tiresome, its arguments are all too familiar, and its complaints numbingly repetitive. One begins to feel like one is seated at a family dinner next to a cantankerous great uncle who can't stop talking about how bad things are these days long enough to pass the mashed potatoes.

As a thoughtful work of non-fiction, *Slouching Towards Gomorrah* is hard to take seriously, in part because it's difficult to believe that Bork is serious. The book broadly indicts "modern liberalism" for all of our ills, from increasing crime to decreasing civility, from affirmative action to the feminization of religion and the military, from non-harmonious pop music to sexy television shows. Somehow all of this is linked to the 1960s, of course, and more specifically, to the advent of portable radios at that time, which allowed youth to listen to music without parental oversight. The result: "modern liberalism," which is one part "radical individualism" and one part "radical egalitarianism," the extremes of which, respectively, are nihilism and fascism. To Bork, we are virtually, if not already, there.

There are several reasons why it is difficult to take this argument seriously. The first is that Bork fails to engage any of the serious defenders of that which he criticizes, preferring instead to attack straw men of his own creation. Thus, he attacks modern liberalism without even discussing the work of today's pre-eminent defenders of liberalism, such as Isaiah Berlin or Ronald Dworkin. He does the same thing with feminism, abortion, and affirmative action.

It is also difficult to take Bork seriously because he practices precisely what he preaches against. He laments the left's "tactic of assaulting one's opponents as not merely wrong but morally evil," but his book is nothing more than an extended assault on the left as morally evil. He criticizes the president of the ACLU for calling Bork a fascist just because he advocated censorship, disparages the civil rights movement for using "incendiary" rhetoric, and scolds feminists for "whining." Yet Bork himself repeatedly labels modern liberalism as fascist, totalitarian, and even Nazi-like. He cannot resist incendiary rhetoric when describing his opponents. (He declares that "multiculturalism is barbarism," that "feminists' ideology is a fantasy of persecution," and that the federal courts have "increasing[ly] accept[ed] nihilism as a constitutional value.") And when it comes to the victimization of white males, no one can whine like Bork.

One wonders whether Bork ever looks in the mirror. He contends that the "politically motivated scholar and teacher is engaged in a dishonest act: pretending that his conclusions are reached impartially when they are not." Yet one would be hard-pressed to name a more politically motivated scholar than the author himself, the John M. Olin Scholar at the American Enterprise Institute. He criticizes those who would apply reason to religious faith, and castigates "cafeteria Catholics" who subscribe only to those religious dictates with which they agree, but then argues that the Catholic Church's call for "a just wage" is based on "misunderstood economics."

DAVID COLE *is a professor at Georgetown University Law Center, and a monthly columnist for* Legal Times.

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Perhaps most ironically of all, Bork sees "the end of Western civilization in living color" in the televised hearings of Anita Hill's charges of sexual misconduct by Clarence Thomas, but then turns around and concludes that the American public's failure to show interest in sexual misconduct charges against Bill Clinton is a sign of our moral decline. Apparently, moral fiber means being interested in sexual misconduct charges only when they are leveled against one's enemies.

Bork's proposals for reform also seem at sharp odds with his critique. This is in part inevitable, because the critique is so all-encompassing—not an institution in our society escapes his wrath. The government, the universities, the arts, the press, and even religion have all been ravaged by liberalism, and have all contributed to our collective moral degradation. After 330-odd pages of venting his fury and rage, Bork does append a 10-page discussion of "hope," but it's awfully half-hearted—the best he can do is suggest that religious fundamentalists and talk radio hosts may be able to reintroduce morality into our degraded liberal culture.

In the course of the book, Bork does advance two concrete proposals, but neither makes any sense. He calls for censorship to stem the tide of sexually explicit and offensive speech that has proliferated under the First Amendment's protection. But he never explains why he trusts the censors to suppress the right stuff, particularly in light of his assessment that all institutions in our culture have been polluted by modern liberalism's creed.

Still more provocatively, Bork calls for a constitutional amendment allowing Supreme Court decisions to be overridden by a majority vote of Congress. While presented as a mere "amendment," the effect would in fact be to abandon the Constitution. The whole point of the Constitution is to be supra-majoritarian, in order to constrain the momentary impulses of transient majorities, who have sometimes done terrible things to unpopular minorities. In its supra-majoritarian character, of course, the Constitution is a deeply conservative document. Yet under Judge Bork's rewrite, the Constitution would have no more status than a piece of legislation. For a man who laments the loss of constraint in the modern world, this is a strange proposal indeed.

Not content to limit his analysis to that about which he should know something—constitutional law—Bork extends his analysis to "all human behavior and institutions." This leads him, of course, to rock-and-roll and rap music. In Bork's world, the following passes for cultural criticism: "Rock and rap are utterly impoverished by comparison with swing or jazz or any pre-World War II music, impoverished emotionally, aesthetically, and intellectually." He contends that it is bad enough that black youth listen to rap, but what's worse, rap is not just "black music," but has white fans too. His explanation for rap's popularity in the suburbs? It is white youths revenge against "the domineering whining feminists."

In the end, Bork's book does raise questions, but the principal one is: What planet does he live on? Bork claims that the Supreme Court, seven of whose justices were appointed by Republicans, is doing the left's bidding. He maintains that the court has been relentlessly expanding criminal defendants' rights, but cites only the exclusionary rule and Miranda warnings, rules that were developed 80 and 30 years ago, respectively, and which have been substantially undercut by today's court, which has issued an unrelenting series of pro-government decisions in criminal cases. In a remarkable feat of stretching the facts to fit one's theory, Bork explains that the reason antitrust defendants now get a favorable hearing in the Supreme Court is because the left is no longer interested in economic justice. Neither the proposition about the left's interests nor the claim that the Supreme Court cares about the left's interests are defended. Bork barely mentions that the court's activism these days is in the name of invalidating affirmative action, striking down electoral districts designed to encourage minority representation, and limiting federal power over states and private property.

Bork's America is simply unrecognizable. In his view, we have been overtaken by "radical egalitarianism," even though we boast the largest income gap in the developed world. He claims that we are soft on crime, yet we have the highest incarceration rates in the industrialized world. He asserts that "there are no artificial barriers left to women's achievement," and that racism and sexism today "are mere wisps of their former selves, except when it comes to white, heterosexual males." Indeed, in his view, "it would be difficult to contend that, the end of racial segregation aside, American culture today is as healthy as the culture of the 1950s." The 1950s? If Bork had bothered to ask the question from the perspective of anyone other than himself—women, the poor, gays and lesbians, immigrants targeted by the McCarran-Walter Act, criminals convicted without counsel, or any of those blacklisted as Communists—Bork might not have found it so "difficult to contend." But Bork is evidently not interested in listening to their voices; he's too busy launching his own diatribe.

Please pass the mashed potatoes. ●

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Political Booknotes

The Prince Of Spin

By James Carville

AT THE HEIGHT OF HIS POWERS Lee Atwater attained a level of spin that made you stand in awe. He was just so good at it. Obsessive, bright, paradoxical, ambitious, a scheming but likable guy. From *Bad Boy: The Life and Politics of Lee Atwater* by John Brody emerges a portrait of a man who was all of these things. Trustworthy? You could trust Atwater to always act in his own interests. Lee Atwater was a man who was obsessed with Lee Atwater, and now here's this book obsessed with the same thing.

BAD BOY: The Life and Politics of Lee Atwater
By John Brody
Addison Wesley Longman, $23

Brody is the Jack Webb of political biography—"Just the facts, ma'am,"—and his book is relentless in its details. If you wanted to know that Atwater named his first political consulting firm Baker & Associates after a man whose portrait he had purchased at a garage sale and that its office was situated above a chicken-wing restaurant, here's the goods. It's fascinating that someone went to the trouble. Not only does Brody tell you that James Brown attended Atwater's funeral, he gives you the color of the Godfather of Soul's shirt (black) and tie (white).

Brody had access to Atwater's childhood scrapbook, his high-school letters to his mother, his incomplete doctoral thesis, his medical records. (My wife, however, takes vehement issue with Brody's assertion that Atwater was abandoned by the Republican National Committee. It's not my role to defend the RNC, but I was dating my wife at the time, and I do happen to know first-hand that they paid for the staff that was attending to him at the end, his car, his driver, the hot tub that was built in his backyard, and his around-the-clock nursing.) Brody also accumulated a tape deck full of unvarnished conversations among the major Republican players in the White House and on the campaign trail. And I thought it was just Democrats who talked to reporters. These people talked about everything!

Atwater's political successes are well-documented here. After losing a South Carolina Republican gubernatorial primary for General William Westmoreland, he had the dry heaves for two days (I can relate to that), but things went pretty much straight up from there. It's been proved over and over again that the public likes stories about process, and there's some good inside baseball about Atwater's early technique. I liked his approach to manufacturing a response to a candidate's speech—strategically placing loudly enthusiastic supporters at home plate down in front of the microphone and then putting smaller pockets at first, second, and third base to create a home run effect on the rest of the crowd.

Atwater had a whole staff to generate stories about himself, to spin his past in order to weave his future, and some of that whole cloth has apparently been accepted here as fact. South Carolina Governor Carroll Campbell said, "He was a BS artist of the highest order," but Brody does his best to wade through. "I tell 'em I learned a lot about politics from going to wrestling. Audiences at professional wrestling matches are the swing voters in election." Who knows if Atwater meant it? Sounds good. On the other hand, Brody traces the development of Atwater's "Southern Strategy" and "permanent campaign" concepts to a 1947 memo by Clark Clifford.

Atwater called some of what he did "strategic misrepresentation" and bragged that he read Machiavelli's *The Prince* 23 times. He didn't read Machiavelli 23 times. I've read *All the King's Men* four times, and he didn't like *The Prince* as much as I liked *All the King's Men.* Machiavellian scholars haven't read *The Prince* 23 times, and it would be very un-Machiavellian to admit it if you did.

Bad Boy is most powerful when it's most personal. Brody presents the case that much of Atwater's development can be traced to a tragic childhood accident that killed his brother and let him live. The writer asks, "Had he wronged so many others because he felt so deeply wronged himself?" Brody never satisfactorily answers that question, but he goes a long way in documenting the Atwater transgressions, both political and personal. The book comes most alive when Brody is talking about Atwater's personal affairs, the career-defining office politics that are the heart of Washington and the extramarital experiences that were an open secret. Here you really get a sense of the kind of guy Lee Atwater was, and it all dovetails around the details of his death and the spinning of his legacy.

Brody asks, "Can someone who had so many flaws be considered great in the final analysis?" For all his details, Brody doesn't have the answer. He seems caught between the polar emotions of admiration and revulsion; admiration for a guy who really got the job done, revulsion for what Atwater did to the people he brushed up against in the process.

JAMES CARVILLE *is a founder of the political consulting firm Carville & Begala and the author of* We're Right, They're Wrong.

Wealth Maintenance Organizations

By Joshua Sharfstein

MY PATIENT WAS LYING IN THE Cardiac Intensive Care Unit, connected to continuous monitors and dripping intravenous lines, but he couldn't stop thinking about his last tip.

"I carried this lady's groceries up to the third floor," he told me. "Soon I was sweating all over. My chest was killing me. I could hardly breathe. I was having a heart attack, and all she gave me was three bucks!"

My patient returned to his taxi and

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set off for the small community hospital that his HMO had told him to head for in case of an emergency. To get there quickly, he cut through Boston, driving past five leading health centers with state-of-the-art emergency services. Every minute counts in a heart attack, and by the time of diagnosis and treatment at the suburban hospital over an hour later, his heart muscle was irreversibly damaged.

All for a few bucks, my patient lamented, and he was right again. At just 44 years old, the father of three small children, he was a man whose heart had paid a dire price for his HMO's plan to trim the costs of emergency care.

HEALTH AGAINST WEALTH: HMOs and the Breakdown of Medical Trust
By George Anders
Houghton Mifflin, $24.95

He wasn't alone. As *Wall Street Journal* reporter George Anders documents in his new book, *Health Against Wealth: HMOs and the Breakdown of Medical Trust*, many health maintenance organizations (HMOs) and managed care organizations systematically compromise the health care of their members in order to minimize costs to employers and maximize their own profits. An engaging mix of anecdote and statistics, *Health Against Wealth* makes a convincing case that many Americans are being betrayed by the new health care system.

Emergency care is just one egregious example. When illness strikes, HMO members are often urged to call a special 800 number (rather than 911) and then are routed to particular hospitals chosen on the basis of price. If a member just shows up at an emergency room and receives care, she better hope the condition is serious: If not, the HMO is likely to deny payment, even if the problem was a near-miss. According to a consumer survey cited by Anders, as many as 20 percent of HMO members have not been reimbursed for their own emergency care.

Health Against Wealth reveals other systematic ways that some HMOs reduce costs but compromise quality: drastically scaling back mental health services, cutting off access to top specialists, increasing "the hassle factor" that makes it virtually impossible for a patient or provider to pursue a complaint, and making heroes of physician executives who deny patients expensive experimental care.

Revealing perhaps the most calculating tradeoff between life and profit, Anders writes about how some popular East Coast and West Coast HMOs pick their cardiac surgery centers. Even now that Medicare has begun to publish survival rates from coronary artery bypass procedures by hospital, many HMOs continue to force their patients into institutions with deadlier records (in some cases, close to twice the mortality rate) but cheaper prices.

While documenting these failures, Anders asks how the market in health care could allow them to happen. After all, managed care took off in the late 1980s to counter the grossly inefficient and expensive excesses of fee-for-service care. Rather than reward each test with a payment, employers decided to pay up front and let insurers control costs by limiting care. Early advocates of prepaid health systems pointed to well-established and effective not-for-profit health plans, including Group Health of Puget Sound and Kaiser of California.

But by the late 1980s, there was too much money on the table. For-profit HMOs that reduced health care costs for businesses reaped unprecedented dividends for their investors and had little financial incentive to maintain quality. Part of the problem was that many American workers could not switch from plans that they didn't like; a recent study showed that about half of American workers have their health plan chosen by their employers.

But an equally important problem, Anders argues, is that HMO rating systems are fundamentally flawed. Designed by the HMOs themselves, the quality measures focus on easy preventive strategies (i.e., what percentage of members get their cholesterol checked) rather than on management of serious illness. HMOs also use legal and financial incentives to keep their providers from complaining about poor quality either to patients or to the press.

Perhaps most profoundly, the market has failed to identify outright fraud in time to prevent its consequences. Anders recalls the Medicaid scandals in Florida and Tennessee, where hastily thrown-together HMOs made a mint without ensuring adequate access to care for hundreds of thousands of members. For example, he notes that in one Tennessee town, the two main Medicaid HMOs refused to pay for antibiotics necessary to stop a raging epidemic of childhood dysentery until public health authorities intervened. In addition, overzealous HMO marketers in several states have been charged with mail fraud, intimidation, bribery, and forgery in their attempts to sign up Medicaid clients.

Anders's solution is regulation, oversight, and vigilance. In his ideal world, consumers (and their lawyers) challenge HMO decisions at every turn, doctors speak out against abuses, legislators rein in the most outrageous practices, and regulators publish better report cards.

But in a book devoted to the threat of profit-driven managed care, these prescriptions are little more than a dignified surrender. Consumers always should be on the lookout for poor care, but expecting them to do so during their most vulnerable moments is a cruel system of quality control. Legal threats are also unreliable; the best evidence indicates that about 2 percent of true medical negligence leads to a lawsuit, and about 80 percent of lawsuits have no basis in medical fact. What's more, legislators are sure to focus on the most politically engaging HMO practices (such as "drive through" deliveries and mastectomies) while leaving the remaining 99 percent of medical practice untouched. Regulation to reduce financial and legal pressure on physicians and improve reporting would undoubtedly help; unfortunately, relying on this course of action to obtain good measures of care for seriously ill individuals could take years.

Anders doesn't address what *Health Against Wealth* convincingly demonstrates is the root cause of much poor care: health plans beholden to employers and to profit. The clear solutions are for individuals

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rather than employers to choose their doctors and health plans (either through Clinton-style managed competition or, preferably, through a single-payer system) and for Congress to bar investor-owned managed care companies from the market. Despite the massive growth of for-profit managed care companies, when Consumer Reports rated the nation's top 10 health systems, all 10 were not-for-profit.

I'll never forget sitting in a first-year medical school class listening to a heart-rending story from a man whose son nearly died of the eye tumor retinoblastoma. Had his boy been in an HMO, the man speculated, the diagnosis might not have been caught in time. A student then asked how the father had explained the long hospitalization to his employer. "Actually, I'm self-employed as an investment advisor," the man said, adding "if any of you have any extra cash, buy HMO stocks. They are hot." Until this nation changes course, we all will have to live with this irony.

JOSHUA SHARFSTEIN *is a first-year resident in pediatrics at Boston Medical Center and Boston Children's Hospital.*

Running on Empty

By John Heilmann

IF YOU READ EVEN A SMATTERING OF commentary on American politics and society written by foreigners—and particularly, for some reason, by the British—you will inevitably run across the conceit of the wide-eyed Martian. "If a Martian were to land in Anytown, USA, in the winter of 1997 . . ." a piece might start, and then go on to point out some truth about life in Anytown that its residents have never realized, but that the Martian, with his fresh perspective, finds glaringly obvious and terribly significant. Sometimes, the device works. More often, it makes the author look like a rube—and a condescending one at that.

RUNNING SCARED: Why Politicians Spend More Time Campaigning Than Governing
By Anthony King
The Free Press, $24

In his new book on American government, Anthony King, Britain's best-known political scientist, casts himself as the Martian, training his eye on "one big and very important thing that most Americans, because they are so accustomed to it, tend not to notice." But although King manages to avoid embarrassing himself, his sideways glance at our politics isn't especially revealing. In a nutshell, King's argument is that, because of the frequency and high cost of U.S. elections and the relative weakness of the two major parties, our politicians live in a constant state of fear for their careers, which causes them to campaign constantly at the expense of governing thoughtfully (let alone courageously). This in turn has damaging implications for public policy. Now, really: Is there anyone who's thought even half-seriously about American politics who hasn't noticed this?

Not that King has nothing to add to the debate. Not surprisingly, he is at his best, and his most instructive, when comparing our system with the rest of the world. American officials, he shows, are not just highly vulnerable to what he calls, with customary academic flair, "the vicissitudes of electoral politics." By international standards, they're peculiarly vulnerable—more so "than the politicians of any other democratic country." Only in America are the members of the larger house of the national legislature forced to face the voters every two years. Only in America do politicians also face the prospect of being challenged in primaries within their own parties. Only in America are they forced to spend vast sums to get re-elected, and to harvest those sums almost entirely on their own. And only in America do voters make their choices primarily on the basis of the candidate's own performance rather than that of his or her party.

According to King, these differences between America and most other advanced democracies are bound up with two competing views of democracy itself: the view held here that politicians should act largely in accordance with the will of their constituents and the view held elsewhere that they should act largely in accordance with their own view of the national interest. This is, of course, a crude caricature. But if King's take on the causes of the United States' electoral exceptionalism is open to debate, his assessment of the consequences seems squarely on the money: America's politicians "run scared." And ceaselessly. And with a slavish attention to moneygrubbing, publicity seeking, and constituent stroking that suggests a variety of careers that don't exactly qualify as public leadership. Or, as a retiring Republican congressman quoted by King puts it: "What kind of whore am I?"

The consequences for policy are even less savory. King cites five, all of them well rehearsed in recent years by a range of scholars and journalists: the pressure to deliver pork to powerful interest groups, the outsized power of the lobbies, the tendency to substitute symbolism for substance (see crime policy, etc.), the fondness for short-term solutions (see Social Security, Medicare), and the depletion of spine. Of this last consequence, King writes, "American politicians' extreme vulnerability makes it harder to make tough decisions: to court unpopularity, to ask for sacrifices, to fly in the face of conventional wisdom."

At some length, King details how these defects have resulted in poor policy decisions, including the U.S. response to the oil shock of 1973 and the nation's never-ending "war on crime." Afterwards, King contends that Washington's failures in these and other areas of policy have given rise to the bitter public dissatisfaction with government that has been the touchstone of national politics in the 1990s. The dissatisfaction, King believes, is warranted; but the most fashionable of the proposed remedies—from town meetings to ballot initiatives to electronic plebiscites to, most popular of all, term limits—he considers flawed. For where most American reformers, in King's view, want to make politicians more responsive to the voters, he wants to make them less so. He wants America, in this respect at least, to be more like Europe.

There are, to put it mildly, a few snags with this idea. As King himself admits, despite reduced exposure to the "vicissitudes of electoral politics,"

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many European governments have hardly done better than ours at dealing with the sorts of problems he bemoans. Budget deficits throughout the European Union are higher as a percentage of GDP than that of the United States; crime (other than violent crime) is often as high there as here, and unlike here, is rising rather than falling; and entitlements (think of France) are similarly spinning out of control. And consider that, at this very moment in King's homeland, Labour Party leader Tony Blair has been running for Prime Minister, in effect, for two years now—a stretch of campaigning even longer than that waged by Bob Dole in 1995 and 1996.

Despite all this, the truth is that King may well be right that America would benefit if its politicians operated under a less unrelenting (i.e., European) level of electoral pressure. He favors fewer primaries, stronger parties, and less money in politics. To which the only reasonable response is: Don't we all? The trick is getting there. What King seems to want is for America to have all of the most desirable features of a parliamentary system. What he seems not to realize is that those features are deeply embedded in that system—and that simply importing one or another of them isn't likely to produce the desired effect.

Near the end of his book, King writes that "the high-exposure, high-risk politics of the American kind is exceedingly time-consuming and exceedingly expensive, that it is degrading to those who actively participate in it and depressing to those who merely watch it and that, in policy terms, it results far more often than is necessary in fear, paralysis and fraud, ceaseless activity becoming a substitute for calm deliberation and effective action. The best decisions are seldom taken or implemented on a fast-moving rollercoaster." Anthony King has rendered a reasonable, if not terribly original, description of the rollercoaster, while failing to provide any promising idea as to how to slow the sucker down. Not bad for a Martian—but not brilliant, either.

JOHN HEILMANN *is the National Affairs Editor at* Wired.

Up From Arkansas

By Leon Dash

JOYCELYN ELDERS, M.D. GREW UP in a 1930s Arkansas African- American sharecropper family so desperately poor that few would expect such a child—whose skin color legally marginalized her—to surmount the formidable barriers in front of her. It would have been a major achievement if Elders had just survived, worked as the store clerk she originally aspired to be, married, raised a family, and lived a God-loving decent life.

JOYCELYN ELDERS M.D.: From Sharecropper's Daughter to Surgeon General of the United States of America
By Dr. Joycelyn Elders
Morrow, $25.95

Elders did a lot more than that, however, and not just for herself. Her most significant accomplishment was her victorious battle to expand health care for Arkansas's poor while state director of health services in the late 1980s. Then President Clinton appointed her Surgeon General of the United States, the first African American to hold the post. As the nation's top doctor, Elders's plain-spoken manner stirred up one storm too many for the Clinton administration during her 15 months in the office. First, Elders suggested studying what impact the legalization of drugs might have on crime. Then she said that masturbation is a "part of human sexuality, and perhaps it should be taught." The latter statement was too much for Clinton, still reeling from the Republican Party victory in the mid-term congressional races, so he fired Elders in December 1994. Now a pediatric professor at the University of Arkansas, Elders has not spoken with Clinton since.

Elders says she harbors no anger toward Clinton. She accepts what happened to her in Washington as the fate that awaits all who occupy high-profile political positions and are impolitic enough to say what they genuinely feel and believe. She never claims to be more than a physician who saw the worst of rural poverty and racism and put it all behind her to become a committed health care advocate for the many neglected children of our nation.

All of this can be learned from Elders's easily read autobiography. She credits her strong-willed mother for all of her success. Haller Jones, to whom the book is dedicated, passed on to Elders four bits of wisdom that could serve well any child in any American circumstance today.

"If you want to get out of the fields, get something in your head.

"Recognize the truth and speak out against wrongdoing.

"Don't use up your future trying to recapture the past.

"Do your best; that's good enough."

Elders's account of how she rose out of the rural hamlet of Schaal, population 98 ("ninety-nine when I'm home"), provides a textbook formula for others who would follow her. If Jones had not died in her eighties in 1995, she could tell us in one word, as she told Elders six decades ago, the secret to Elders's success: education.

Haller Jones had an eighth grade education, a considerable achievement for a southern, rural black woman in the early part of this century. At 18, she married 19-year-old Curtis Jones, who also had made it through the eighth grade. Through the birth of her

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eight children, Haller Jones "held tight to the conviction that if we ever wanted to 'be something,' we had better get educated," Elders writes.

Elders was her mother's first born, and one of her earliest childhood memories is of her mother teaching her to read, using a switch to add painful emphasis to Elders's errors. By the time Elders entered school in 1938, she was reading. Jones taught each of her children to read with the same fierce determination and a collection of switches.

As Haller Jones's children grew, house and farming chores were added to their school lessons. But never were the children allowed to use the hard work all of them did as an excuse to slack off on their school work. Jones and her switches saw to that. So when opportunities expanded in Arkansas for African Americans, Elders and most of her siblings were prepared to take advantage of them. Since the mid-1980s, I've studied several families trapped in intergenerational poverty. One consistent element within all of them is the absence of any understanding that a solid academic education can be a ticket out of their dire circumstances.

Elders certainly faced dire circumstances. There were no hospitals for black people in the area around Schaal, and, if by chance you cut your foot while doing farm work, you put coal oil (the equivalent of kerosene) on it. If you stepped on a rusty nail, you prayed that you didn't get lockjaw and put coal oil on the wound. And if you were bit by a dog, you might put coal oil on the punctures, watch to see if the "dog had had rabies in its bite," and hope you didn't get hydrophobia.

Elders gives a poignant description of her father carrying her very ill younger brother, Bernard, in his arms early one morning as he rode off on Old Jim, the family mule, to see the nearest doctor. Curtis Jones did not return with his son until late that night.

"When we went out to see, there was Daddy sitting on Old Jim holding Bernard in his arms, still bundled up in the blanket. Bernard looked the same as when he had left, huge-eyed and silent as death. But when we took the blanket off, I saw a big tube sticking out of his stomach. The doctor told Daddy Bernard's appendix had burst. He put the big red tube in there to drain the poison out of him. Then he sent him home. There were no hospitals around there for any black children."

Elders was the valedictorian of her high school class, and fortune stepped in with a full-tuition Methodist scholarship for Elders to attend Philander Smith College in Little Rock. But Curtis Jones needed his oldest daughter in the fields chopping the weeds coming up around the cotton and corn. "What going to college might mean for the future wasn't that obvious to Daddy," Elders remembers. But he was certain he'd be losing his work leader if Elders went off to Little Rock. Haller Jones was desperate for her husband to let Elders go, and they bickered about it. But as strong-willed as her mother was, Elders knew if her father decided he needed her on the farm, Haller Jones would not be able to convince her husband otherwise. Elders resigned herself to staying home. She'd be picking the family's

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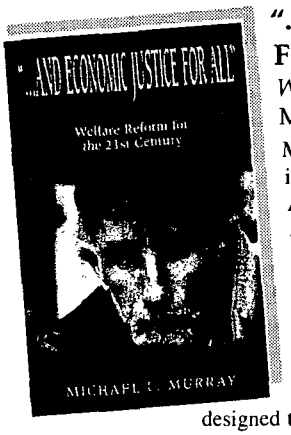

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cotton crop come late September. But Elders hadn't counted on her paternal grandmother, the woman she was named after, Minnie Jones. Elders never learned what Grandma Minnie said to her father, but in early September, her grandmother told her to get ready to go.

The only problem now was money: The family didn't have the $3.83 bus fare to Little Rock. So at dawn, the entire family waded out into the cotton patch, searching for and collecting bolls that might have ripened early. Toward nightfall, Elders's five-year-old brother Chester, stooped over after working since sunup, looked up at his sister and asked, "Min, do we have enough yet?" They were able to sell the cotton they picked for $5, enough to get Elders to Little Rock "with a dollar and change left to spare."

Elders, who adopted the name Joycelyn in college, married briefly after graduation, joined the U.S. Army's Women's Medical Specialist Corps, and entered the University of Arkansas Medical School in 1956 with financial support from the GI Bill. Elders and the two other black medical students could not eat in the medical school's white lunchroom. They ate in a separate cafeteria with the black hospital staff. "We understood that the aim of this game was to get through medical school," writes Elders about her reaction to the segregated facilities. "Right from the start we were far more concerned with that than we were with something like where we ate."

In Elders's fourth year of medical school, she met Oliver Elders when she had to give physical exams to the players on the high school basketball team he coached. Elders and her second husband had their share of personal pain and trauma. A young white foster daughter and the young woman's fiancee were both killed in an unsolved double murder. Oliver Elders experienced several long bouts of such deep depression that Elders considered leaving him. Kevin, the younger of the couple's two sons, has had serious problems with alcohol and cocaine addictions, and was arrested (and eventually convicted) for the sale of cocaine when Elders was surgeon general.

These travails and years of medical research on childhood diseases occupied Elders up to her appointment by Governor Bill Clinton as director of the moribund state health service in 1987. For more than a month, Elders traveled around Arkansas visiting the state's 106 health clinics in its 75 counties and quickly determined what their needs were.

"Between the poor whites and blacks there was no difference," she writes about what she saw. "Large families, teenage pregnancies, incest, abuse, lack of nutrition, scant medical care. No hopes and no horizons. It was all the same. One was like a photo negative of the other."

"Seeing these places was taking me right back to where I had come from," Elders says. "I had lived through it. I knew how they survived. They survived the same way we had survived. Ignorant and without help. Like my father riding off on the mule with Bernard in his arms."

Elders's proposal to establish school-based health clinics set off storms of protest in Arkansas, with anti-abortionists accusing her of trying to set up programs that would take away parents' rights to teach their children about human sexuality. With the help of Arkansas legislators, Elders won some of the battles around school-based clinics, the professional legacy of which she is most proud.

Elders feels the opposition she stirred up in Arkansas followed her to Washington, where her stint was too short to let her make any lasting accomplishments. And indeed, the section on Washington is the most boring in the book. The most compelling part of Elders's life is her childhood of rural poverty, and her overcoming that to rise to a position in Arkansas to help those in similar circumstances. How to help people out of poverty has perplexed and occupied this nation for many years. Elders is an example of what is possible, but on the national level, she was hardly given the opportunity to share with us how it can be done. We are all the poorer for her absence.

LEON DASH *is a reporter for* The Washington Post.

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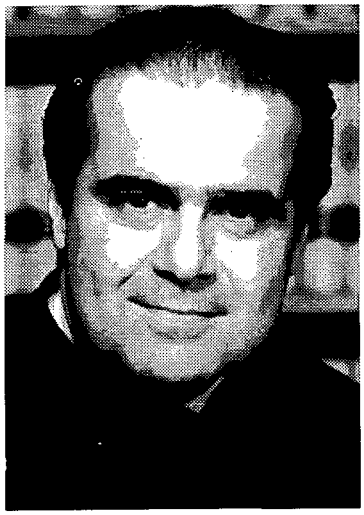

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Antonin Scalia

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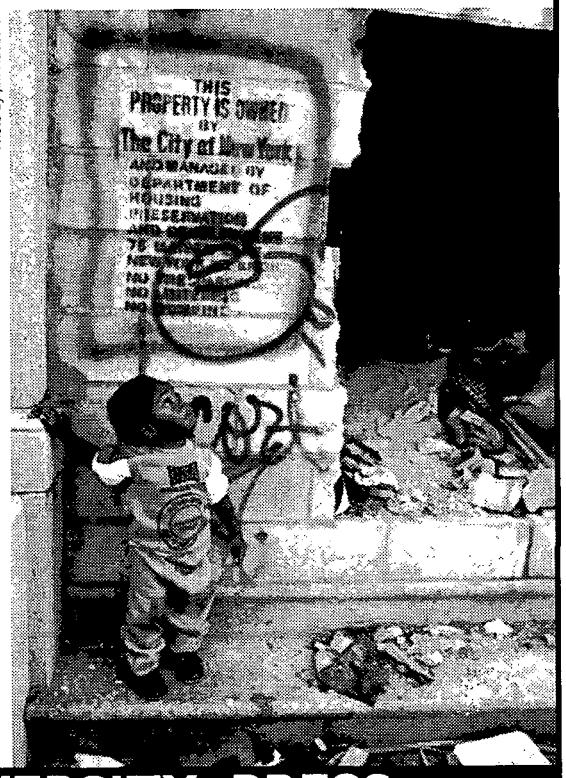

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